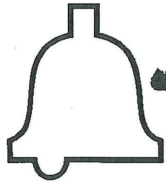


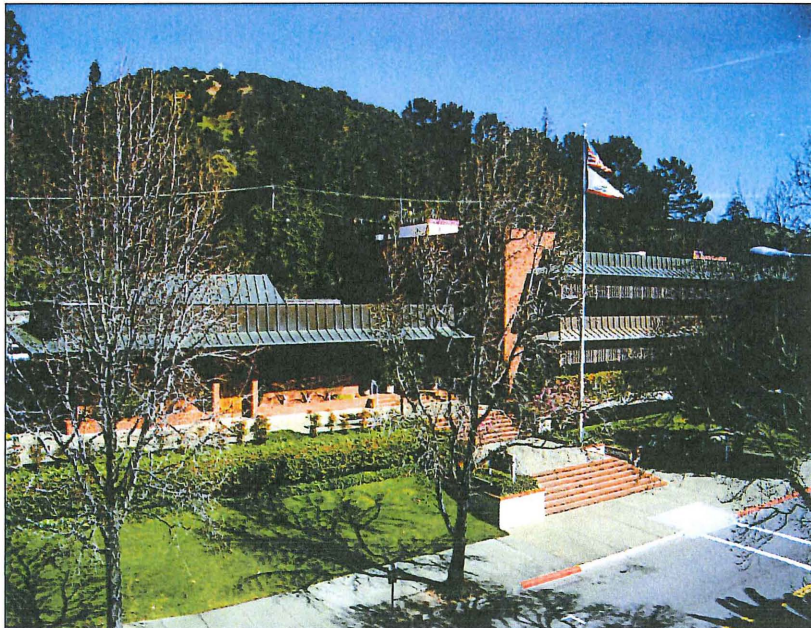
CITY OF



*San Rafael*

CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDING JUNE 30, 2010



City of San Rafael, California  
P.O.BOX 151560  
1400 Fifth Avenue  
San Rafael, California 94915-1560

Prepared by the Finance Department  
Cindy Mosser, Finance Director/City Treasurer

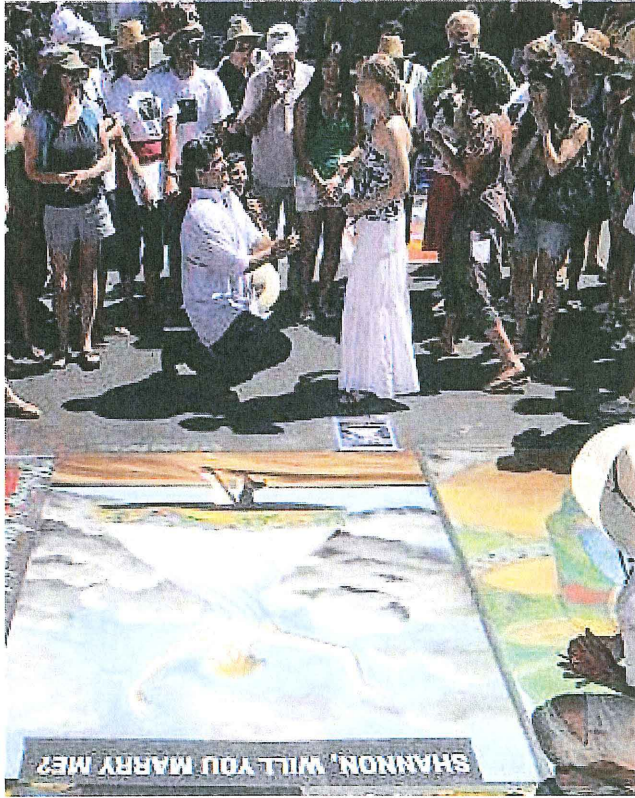
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**CITY OF SAN RAFAEL, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**Prepared by**  
**FINANCE DEPARTMENT**

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# INTRODUCTORY SECTION

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CITY OF SAN RAFAEL, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2010

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**CITY OF SAN RAFAEL, CALIFORNIA**  
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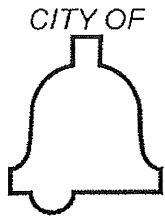
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*San Rafael*

*Mayor  
Albert J. Boro*

*Council Members  
Greg Brockbank  
Damon Connolly  
Barbara Heller  
Marc Levine*

January 31, 2011

Honorable Mayor, Members of the City Council and Residents of San Rafael:

The Comprehensive Annual Financial Report (CAFR) of the City of San Rafael for the year ended June 30, 2010, is hereby submitted as mandated by both local ordinances and State of California statutes. These ordinances and statutes require that the City of San Rafael annually issue a report on its financial position and activity, and that an independent firm of certified public accountants audits this report.

Responsibility for both the data accuracy, and the completeness and fairness of the presentation, rests with management. To the best of our knowledge and belief, the data presented is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City of San Rafael. The financial statements are prepared in accordance with Generally Accepted Accounting Principles as promulgated by the Governmental Accounting Standards Board (GASB) and include the report of the independent certified public accounting firm, Maze and Associates Accountancy Corporation.

Further, the CAFR is prepared in accordance with procedures and policies set by the Government Finance Officers Association. The analysis of the financial condition and the result of operations are in the Management's Discussion and Analysis document in the financial section. The CAFR is organized into three sections:

1. Introductory section, which is unaudited, includes this letter of transmittal, an organizational chart and a list of the City of San Rafael's elected and appointed officials.
2. Financial section includes the general-purpose financial statements, related footnote disclosures, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors' report.
3. Statistical section, which is unaudited, includes selected financial and demographic information, presented on a multi-year basis. Generally, ten-year data is presented for expenditures, revenues, assessed valuation for local properties and construction activity.

## **REPORTING ENTITY – PROFILE OF THE GOVERNMENT**

The City of San Rafael provides a full range of municipal services required by statute or charter, namely: Fire, Police, Community Development (encompassing Building, Planning and Code Enforcement), Public Works, Community Services (both Recreation and Child Care programs), Redevelopment, Library and Management Services. The City Council is financially accountable for the San Rafael Redevelopment Agency and the San Rafael Joint Powers Financing Authority. These entities are considered blended component units and are combined with the City's figures in this report. The San Rafael Sanitation District is a discretely presented component unit of the City of San Rafael and is presented independent of City financial information. For a further explanation of these entities, refer to Footnote No. 1 in the Financial Section of the CAFR.

The City participates in various organizations through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these agencies exercise full powers and authorities within the scope of the related Joint Powers Agreement including the preparation of annual budgets, accountability for all funds, and the power to make and execute contracts. Obligations and liabilities of the separate entities are not those of the City. For a further explanation of these separate entities, refer to Footnote No. 12 in the CAFR.

The Mission San Rafael Archangel was founded in 1817. San Rafael was incorporated in 1874 and became a charter city in 1913 by vote within the City. The City Council is composed of five members; four are elected at large to four-year terms. The mayor is elected separately to a four-year term. The City currently has a land area of 22 square miles that includes 17 square miles of land and five of water and tidelands. San Rafael's population in 2010 was 58,822.

The City of San Rafael is located 17 miles north of San Francisco in Marin County. Protected by its Mediterranean like setting along the shores of the San Francisco Bay, the City enjoys a mild climate year round. As the County seat, San Rafael is considered the commercial, financial and cultural and civic hub of Marin County. Abundant recreational facilities are available in and around the San Rafael area. In addition to the City's cultural, park and recreational resources, there are other attractions that include Muir Woods, five State parks, the San Francisco area, Oakland and the nearby wine country.

Each year business merchants and the SRDA sponsor community events, including the Classic Car Parade, Farmers' Market, Winter Wonderland, Italian Street Painting Festival and the Parade of Lights. San Rafael is home to Marin County's cultural activities. Marin Center presents numerous ballets, concerts and speaking engagements. The Falkirk Cultural Center provides art exhibits and children's programming.

## **ECONOMIC CONDITION**

San Rafael is a regional employment center. The number of jobs within the City exceeds the number of employed residents. Our diversified economic mix includes high-tech, financial, service based, entertainment and industrial businesses. Approximately 72 percent of workers in San Rafael work for companies, 10 percent work for the government and 14 percent are self-employed. The median income for San Rafael households is \$67,789.

There may be slight economic improvement for the fiscal year 2010-2011. Sales tax trends are slightly better than 2009, while property taxes are slightly lower. Job growth looks to get better in the coming months. In 2010 more Marin homeowners have lost their houses to foreclosure than in 2009.

The economy will grow slowly the rest of this year, and job gains will be limited. Major reductions to the City's budget included layoffs, furloughs, deferring equipment replacements, deferring raises, and changing service hours. These changes were needed to balance fiscal year 2009-2010 and are also built into fiscal year 2010-2011 budgets. San Rafael will look ahead and plan for the next two years budget.



### Demographic Data

A sampling of demographic information is provided to give the user an understanding of the character and diversity that make San Rafael an exceptional place to live and work.

- ☒ Economic development organizations in San Rafael include the Redevelopment Agency, Business Improvement District, Chamber of Commerce and the Marin County Economic Commission.
- ☒ San Rafael's population rate grew at about 0.5% per annum from 2001 (56,534) to 2010 (58,822).
- ☒ Unemployment rates for 2010 were 9.9% (2009 was 7.6%) for the City and 8.3% countywide.
- ☒ Countywide office vacancy rates decreased to 21.1% in 2010, from 24.5% in 2009.
- ☒ Median office rents in Central San Rafael were \$2.75 per square foot; in North San Rafael the rate averaged \$2.45.
- ☒ Median industrial space rents averaged \$0.95 per square foot for San Rafael.
- ☒ Major shopping areas, as measured in available retail square footage, include the Downtown corridor (938,000 aggregate), the Mall at Northgate (725,000), Montecito Center (130,000) and Northgate One (113,900).
- ☒ Total Marin County land acreage of 388,712 breaks down as 55,424 in waterways, 128,519 for public use, 23,241 subject to exemption, 97,615 contract restricted (open space and agriculture), and 83,913 as developed. The latter category denotes only 22% of all acreage is used for development.
- ☒ Several hotels and motels support tourism activity, led by 235 room facilities for both the Embassy Suites and Four Points Sheraton. Citywide, the total number of hotel rooms is 803.
- ☒ Home buying and apartment rentals continue to be a challenge both in San Rafael and Marin County. Mean household incomes in San Rafael are \$67,789 as of 2009, but less than 30% can afford to buy a median priced home. Rents for one bedroom apartments range from \$800-\$1,900, while two bedroom apartments go for \$1,150 to \$2,350.

### **MAJOR INITIATIVES**

#### Current Year Projects, Accomplishments and Service Efforts

The City Council adopted a one-year budget in July of 2010 for the 2010-2011 fiscal year.

These objectives support Department goals, the City Council's five-year goals, and our Mission Statement. Progress reports are provided to the City Council and community at six-month intervals during the two-year budget.

The City issued the Tax and Revenue Anticipation Notes (TRANS) to bridge the gap between its regular flow of operating expenditures and the receipts of its semi-annual property taxes.

The City issued the 2010 Taxable Pension Obligation Bonds. The bonds are being issued to refund a portion of the obligations of the City to the Marin County Employees' Retirement Association. The City is not obligated to levy or pledge taxes to make payments on the Bonds.

San Rafael's fiscal practices are codified in the City's Financial Management Policies. The Policies were adopted to manage current and long-term financial resources, allow for adequate controls, and most importantly, to encourage input and participation in the City's financial affairs.

**FINANCIAL INFORMATION**

The City's Management Team is responsible for establishing and maintaining internal controls to ensure that the City's assets are adequately protected from loss, theft or misuse. In addition, management controls should ensure that proper accounting data is collected so as to prepare reports in conformance with generally accepted accounting principles.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived. All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

Budget Controls - The City develops a budget based upon Council priorities and Department objectives. The Finance Department maintains a traditional line item budget by major function. Budget control is accomplished at the functional or division level within each fund. This budget creates a comprehensive management and fiscal system aimed at achieving the objectives of each operating level consistent with those that have been set for the community by the City Council. Each department director is responsible for accomplishing goals within his or her functional area and monitoring the use of their budget allocations consistent with policies set by the City Council and monitored by the City Manager.

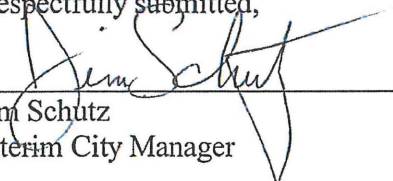
**OTHER INFORMATION**

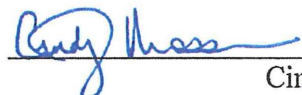
Independent Audit - the Charter of the City of San Rafael requires an annual audit of the City's financial records and transactions by an independent certified public accounting firm. This year, the accounting firm of Maze and Associates Accountancy Corporation performed the audit. The audit requirement has been met and the auditors' opinion has been included in this report.

Acknowledgment - The preparation of this document was accomplished through the diligent, dedicated efforts of the Finance Department's staff. Appreciation goes to Van Bach, Accounting Supervisor, Helen Yu, Accountant, and Carl Tregner, Accountant. All of these top-notch employees were instrumental in coordinating the annual audit in a timely and professional manner. Also, Sylvia Gonzalez, the City Manager's Administrative Assistant, helped assemble the City's Comprehensive Annual Financial Report.

Lastly, staff support by the Mayor and City Council Members, with an emphasis on community focus and customer service, has allowed the Finance Department to bring professional level financial leadership and management home to San Rafael. Staff expects to continue producing high quality products, including award winning annual financial reports. The City Council's openness to change and support in planning and conducting the operations of the City in a responsible, progressive manner empowers staff to achieve important goals through a commitment to excellence, professionalism and community interest.

Respectfully submitted,

  
\_\_\_\_\_  
Jim Schutz  
Interim City Manager

  
\_\_\_\_\_  
Cindy Mosser  
Finance Director



## MISSION STATEMENT

The Mission of the City of San Rafael is to enhance the quality of life and to provide for a safe, healthy, prosperous and livable environment in partnership with the community.

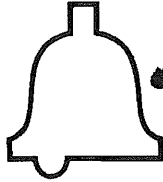
## VISION STATEMENT

Our vision for San Rafael is to be a vibrant economic and cultural center reflective of our diversity, with unique and distinct neighborhoods in a beautiful natural environment, sustained by active and informed residents and a responsible innovative local government.

January 1996

Albert J. Boro, Mayor  
Barbara Heller, Vice- Mayor  
Greg Brockbank, Council Member  
Damon Connolly, Council Member  
Marc Levine, Council Member

CITY OF



San Rafael

## City Officials

### City Council

Albert J. Boro, Mayor  
Greg Brockbank, Council Member  
Damon Connolly, Council Member  
Barbara Heller, Council Member  
Marc B. Levine, Council Member

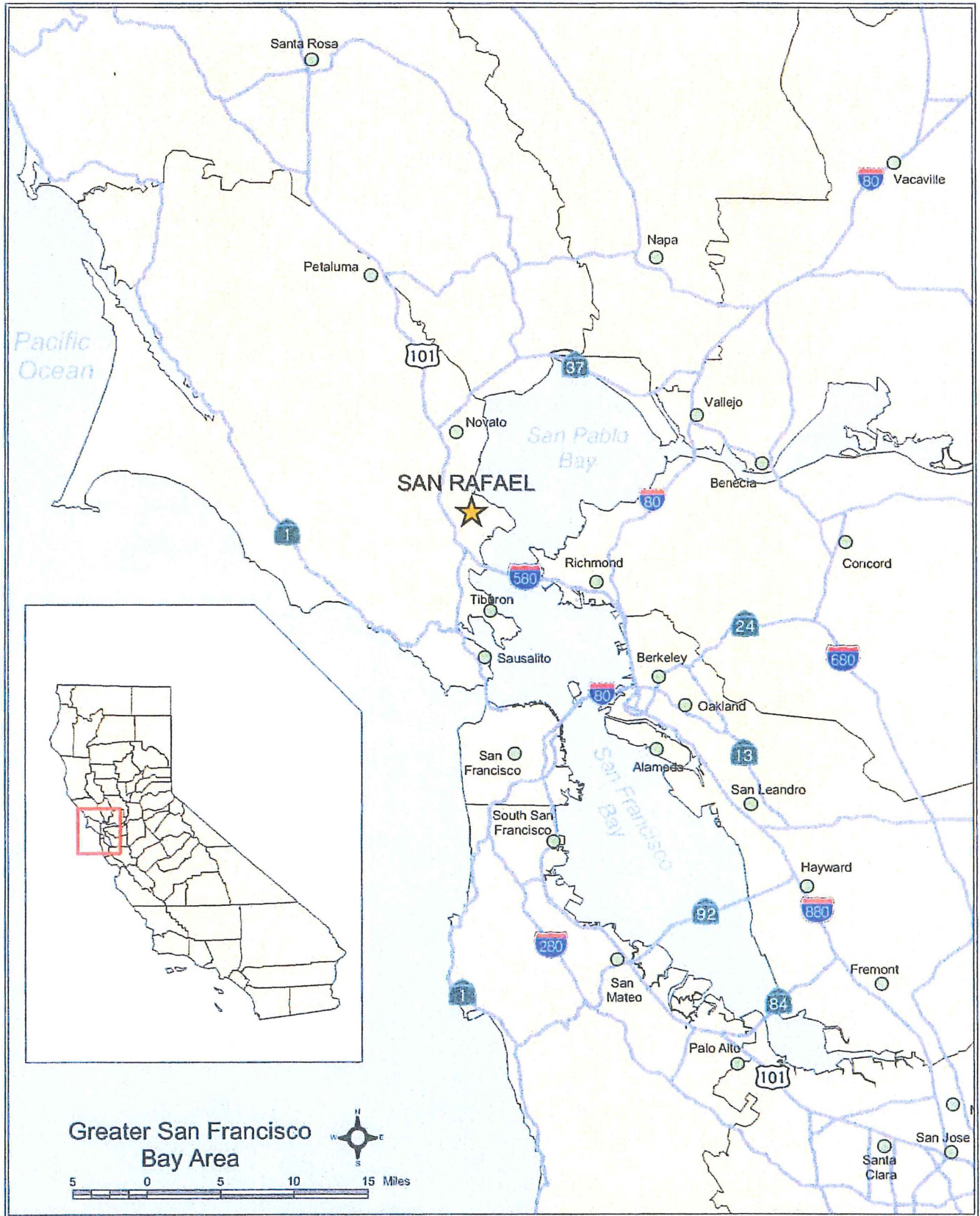
### Elected Officials

Rob Epstein, City Attorney  
Esther Beirne, City Clerk

### Management Team

Ken Nordhoff, City Manager  
Jim Schutz, Assistant City Manager  
Nancy Mackle, Deputy City Manager  
Bob Brown, Community Development Director  
David Dodd, Library Director  
Chris Gray, Fire Chief  
Nancy Mackle, Economic Development Director  
Carlene McCart, Community Services Director  
Cindy Mosser, Finance Director  
Parviz Mokhtari, Interim Public Works Director  
Matt Odetto, Police Chief  
Doris Toy, District Manager/Engineer-SRSD

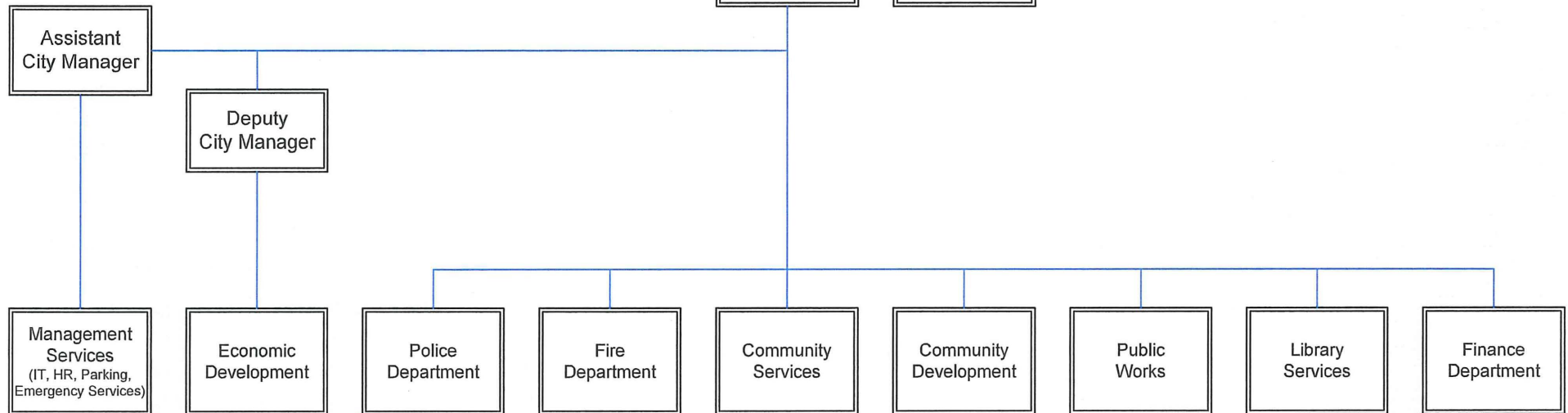
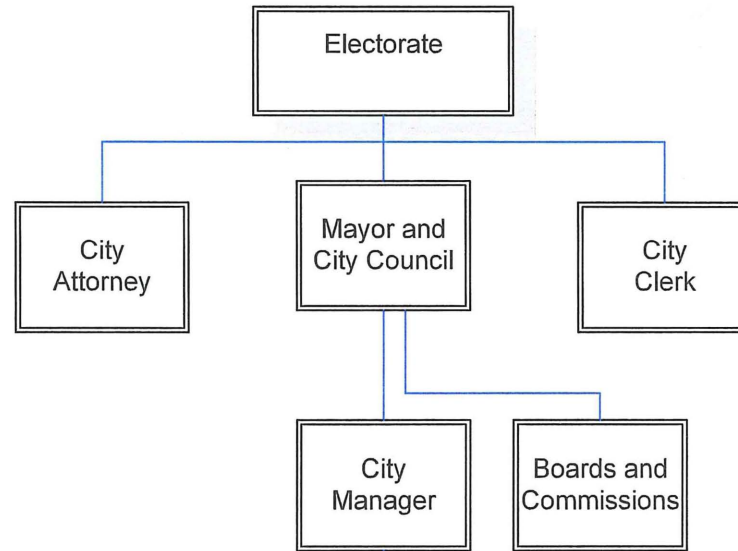


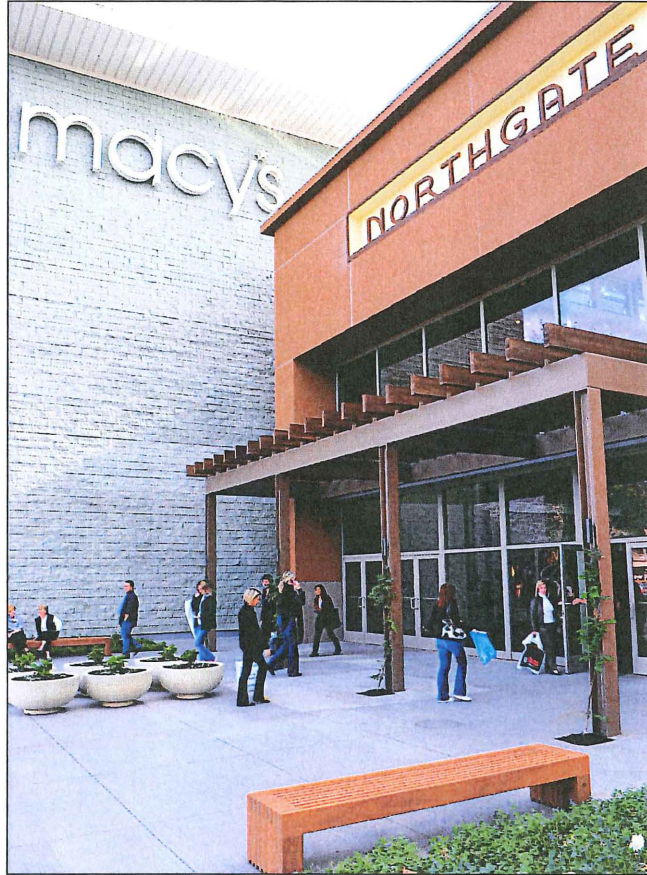


# LOCATION MAP

# City of San Rafael

## Organizational Chart





# FINANCIAL SECTION

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**INDEPENDENT AUDITOR'S REPORT  
ON BASIC FINANCIAL STATEMENTS**

To the Honorable Mayor and Members of the City Council  
City of San Rafael, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Rafael as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the component unit financial statements of the San Rafael Sanitation District (District), which represents 14% and 13% of the assets and revenues and 3% and 9% of liabilities and expenses of the reporting entity, respectively. These component unit financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion, insofar as it relates to the amounts included for this entity, is based solely on the report of these other auditors.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of San Rafael as of June 30, 2010, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010, on our consideration of the City of San Rafael's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in note 1M to the financial statements, the City transferred the general liability and workers' compensation claims payable and the corresponding cash reserves from the Liability Insurance and Workers' Compensation Internal Service Funds to the General Fund. As a result, the beginning fund balance of the General Fund was increased by \$3,716,971. There was no effect on the beginning net assets balances of the Liability Insurance Internal Service Fund, Workers' Compensation Internal Service Fund, nor governmental-type activities due to the above transfers.

Management's Discussion and Analysis and Budget and Actual schedules for the General Fund, Traffic and Housing Mitigation Special Revenue Fund, and Gas Tax Special Revenue Fund are not a required part of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic statements of the City of San Rafael. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Maze & Associates*

October 29, 2010

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## CITY OF SAN RAFAEL

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### *Management's Discussion and Analysis* *Fiscal Year Ended June 30, 2010*

This analysis of the City of San Rafael's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the basic financial statements and the accompanying notes to those basic financial statements.

#### FINANCIAL HIGHLIGHTS

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##### **Government-Wide Highlights:**

*Net Assets* - The assets of the City exceeded its liabilities at fiscal year ending June 30, 2010 by \$208.0 million.

*Expense Activities* - During the fiscal year the City's total revenues (\$83.7 million) are less than expenses for governmental and business-type activities (\$92.6 million) by \$8.9 million. Excluding Depreciation (non-cash expense of \$7.9 million), collected revenues were \$1.0 million below expenses.

*Changes in Net Assets* - The City's total net assets decreased by \$8.9 million in fiscal year 2010. Net assets of governmental activities decreased by \$8.7 million, while net assets of the business type activities decreased by \$0.2 million.

##### **Fund Highlights:**

*Governmental Funds - Fund Balances*- As of the close of fiscal year 2010, the City's governmental funds reported combined ending fund balances of \$35.5 million, an increase of \$4.0 million from the prior year. Of this total amount, \$17.1 million represents reserved fund balances and \$5.0 million is designated.

*General Fund* - The fund balance of the general fund on June 30, 2010 was \$6.8 million, an increase of \$2.9 million from the prior year. \$1.8 million was held in reserve, and \$5.0 million is designated for contingent liabilities and to meet our 10% reserve requirement as defined by the City's Financial Management Policies.

##### **Long-Term Debt:**

The City's total outstanding debt decreased by \$1.4 million (3.0 percent) during the fiscal year, which reflects payment on redevelopment debt, court fine repayment note, and capitalized lease obligations.

#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements.

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. The City's component units consist of the following: The Redevelopment Agency of the City of San Rafael (Agency) and the San Rafael Joint Powers Financing Authority (Authority). These component units are, for practical purposes, departments of the City and have been included in the basic financial statements as an integral part of the primary government using the blended method.

This report also contains other supplementary information in addition to the basic financial statements for further information and analysis.

*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2010*

***Government-Wide Financial Statements***

The Government-Wide Financial Statements present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables and other interfund activity have been eliminated as prescribed by Government Accounting Standards Board (GASB) Statement No. 34.

The *Statement of Net Assets and the Statement of Activities and Changes in Net Assets* report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities and Changes in Net Assets* presents information showing how the City's net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

In the *Statement of Net Assets* and the *Statement of Activities and Changes in Net Assets*, we separate the City activities as follows:

*Governmental Activities*—Most of the City's basic services are reported in this category, including Public Safety, Public Works and Parks, Community Development and Economic Development, Cultural and Recreation and Government Administration (finance, human resources, legal, City Clerk and City Manager operations). Property, sales and use taxes, user fees, interest income, franchise fees, hotel taxes, business license and property transfer taxes, plus state and federal grants finance these activities.

*Business-Type Activities*—The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Parking Services program is reported as a business-type activity.

*Discretely Presented Component Units* - The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate entity, the San Rafael Sanitation District for which the City is financially accountable. Financial information for the San Rafael Sanitation District is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15 through 19 of this report.

**Fund Financial Statements and Major Component Unit Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

*Management's Discussion and Analysis*  
*Fiscal Year Ended June 30, 2010*

The fund financial statements provide detail information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Further detail on the Non-major funds is presented on pages 75 through 99 of this report.

**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial capacity.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The City has thirty-one governmental funds, of which four are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. The City's four major funds are - the General Fund, Redevelopment Agency Capital Projects, Gas Tax, and Traffic and Housing Mitigation. Data from the other twenty-seven governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 21 through 28 of this report. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 75 through 99 of this report.

**Proprietary Funds** - The City maintains two different types of proprietary funds - enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its Parking Services program. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles, building maintenance, radio systems, telephone systems, personal computer replacement program, self-insurance for worker's compensation, dental, public liability, and employee benefits programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 29 through 32 of this report.

**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2010**

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33 through 64 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. One section includes budgetary comparison statements for the major funds (general, redevelopment agency capital project, gas tax, and traffic and housing mitigation). The other section is a schedule of funding progress for the Marin County Employees' Retirement System. All budgeted positions that are filled by either full-time or permanent part-time employees (working seventy-five percent of full time equivalent) are eligible to participate in this system. Required supplementary information can be found on pages 65 through 70 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

Net assets are a good indicator of the City's financial position. During this fiscal year, net assets of the City were \$208.0 million, which is a decrease of \$8.9 million from the prior year.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2009 and 2010.

City of San Rafael							
Statements of Net Assets							
June 30,							
(Amounts in Millions)							
	Governmental Activities		Increase	Business-Type Activities		Increase	
	2010	2009	(Decrease)	2010	2009	(Decrease)	
<b>Assets:</b>							
Current assets	\$ 40.4	\$ 40.0	\$ 0.4	\$ 2.4	\$ 2.3	\$ 0.1	
Capital assets, net	208.2	214.4	(6.2)	17.8	18.2	(0.4)	
<b>Total assets</b>	<b>248.6</b>	<b>254.4</b>	<b>(5.8)</b>	<b>20.2</b>	<b>20.5</b>	<b>(0.3)</b>	
<b>Liabilities:</b>							
Current liabilities	8.9	9.1	(0.2)	0.4	0.3	0.1	
Long-term liabilities	44.7	41.5	3.2	6.8	7.0	(0.2)	
<b>Total liabilities</b>	<b>53.6</b>	<b>50.6</b>	<b>3.0</b>	<b>7.2</b>	<b>7.3</b>	<b>(0.1)</b>	
<b>Net Assets:</b>							
Invested in capital assets, net of related debt	173.5	178.7	(5.2)	11.0	11.3	(0.3)	
Restricted	26.2	25.7	0.5	-	-	-	
Unrestricted	(4.6)	(0.7)	(3.9)	2.0	1.9	0.1	
<b>Total net assets</b>	<b>\$ 195.1</b>	<b>\$ 203.7</b>	<b>\$ (8.6)</b>	<b>\$ 13.0</b>	<b>\$ 13.2</b>	<b>\$ (0.2)</b>	

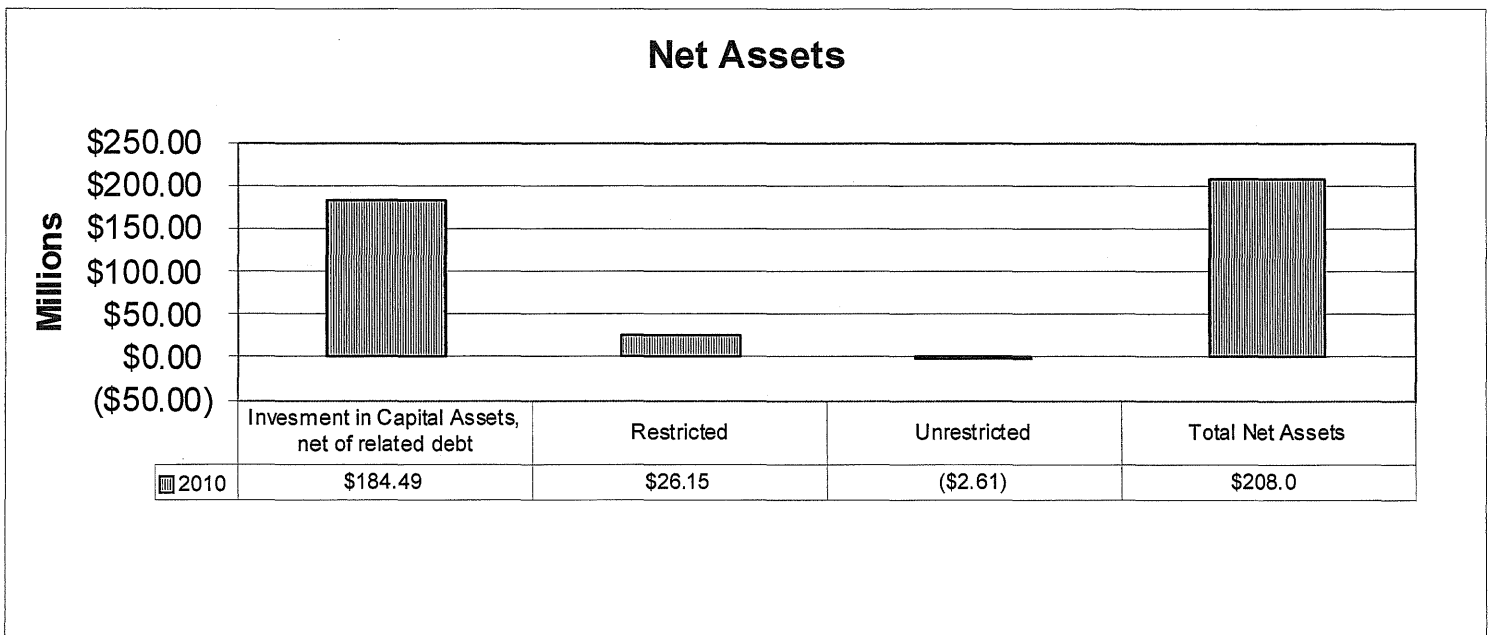
**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2010**

At June 30, 2010, the largest portion of net assets (88.7 percent) consists of the City's investment in capital assets net of related debt. This component portrays the total amount of funds required to acquire those assets less any related debt used for such acquisition that is still outstanding. The City uses these capital assets to provide services to citizens. The increase in total net assets from 2008-2009 to 2009-2010 is largely attributable to a netting of capital assets acquisition against depreciation expense for the year. Total depreciation for this current year was \$7.9 million, while capital asset acquisition totaled \$1.9 million, leaving a net decrease of \$6.0 million.

The capital assets of the City are not sources of income for repayment of debt as most assets are not revenue generating and generally are not liquidated to repay debt. Therefore, debt service payments are funded from other sources available to the City. A portion of the City's net assets (12.6 percent) is subject to restrictions imposed by external parties and their use is determined by those restrictions and agreements.

For the year ended June 30, 2010, the City reported positive balances of net assets in capital and restricted net assets for governmental activities. Business-type activities reported positive net assets in capital and unrestricted net assets.





**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2010**

**Statement of Activities**

The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2010 and 2009:

	(Amounts in Millions)					
	Governmental Activities		Increase (Decrease)	Business-Type Activities		Increase (Decrease)
	2010	2009		2010	2009	
<b>Revenues:</b>						
Program revenues	\$ 25.8	\$ 31.4	\$ (5.6)	\$ 4.2	\$ 4.5	\$ (0.3)
General revenues	53.6	57.1	(3.5)	-	0.1	(0.1)
<b>Total revenues</b>	<b>79.4</b>	<b>88.5</b>	<b>(9.1)</b>	<b>4.2</b>	<b>4.6</b>	<b>(0.4)</b>
<b>Expenses</b>	<b>88.6</b>	<b>93.0</b>	<b>(4.4)</b>	<b>4.0</b>	<b>3.6</b>	<b>0.4</b>
Change in net assets before transfers	(9.2)	(4.5)	(4.7)	0.2	1.0	(0.8)
Transfers	0.5	0.4	<u>\$ 0.1</u>	(0.5)	(0.4)	<u>\$ (0.1)</u>
<b>Net Assets:</b>						
Beginning, as restated	203.7	207.8		13.2	12.6	
Ending	<u>\$ 195.0</u>	<u>\$ 203.7</u>		<u>\$ 12.9</u>	<u>\$ 13.2</u>	

**Governmental Activities:**

The City's governmental activities decreased net assets by \$8.7 million, which represents a 4.0% decrease from last year. Key elements of this change were as follows:

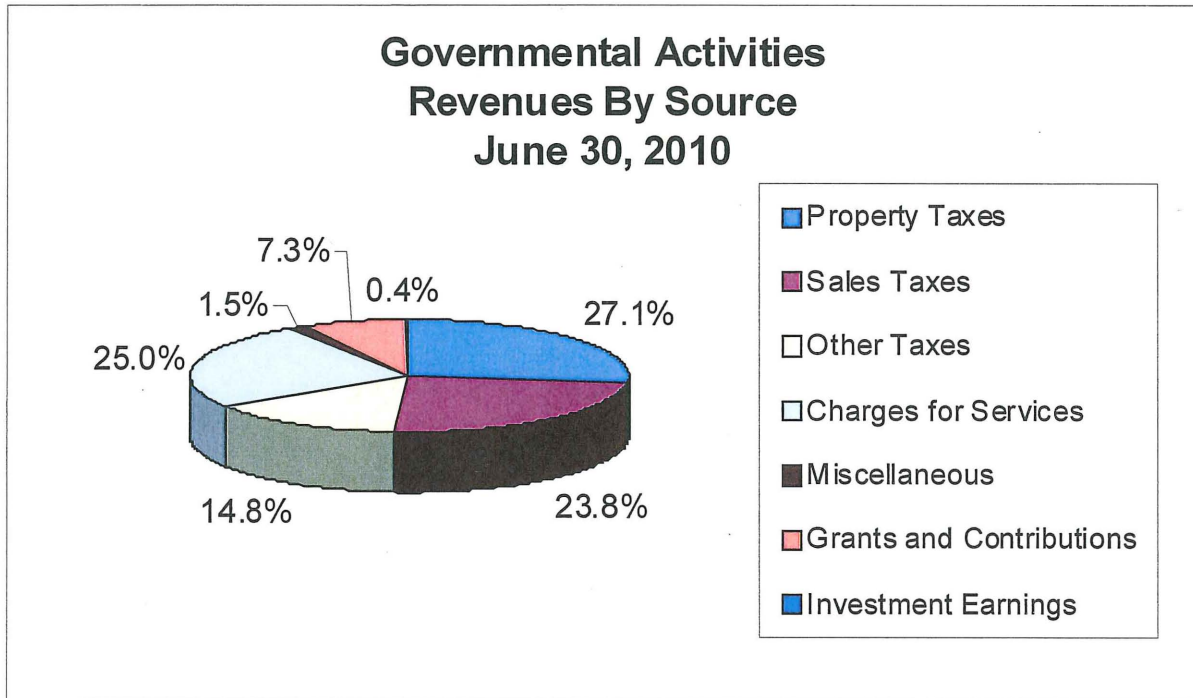
*Revenue highlights:*

- Property Tax revenues decreased by \$0.3 million or 1.0 percent in 2010.
- Sales tax decreased by \$2.9 million or approximately 13.3 percent compared to fiscal year 2009.
- Paramedic tax increased by \$279,000 or 9 percent.
- Motor vehicles revenues decreased by \$26,000 or 13.4 percent.
- Transient Occupancy Tax revenues decreased by \$121,000 or 7 percent.
- Investment earnings decreased by \$416,000 or 58 percent.

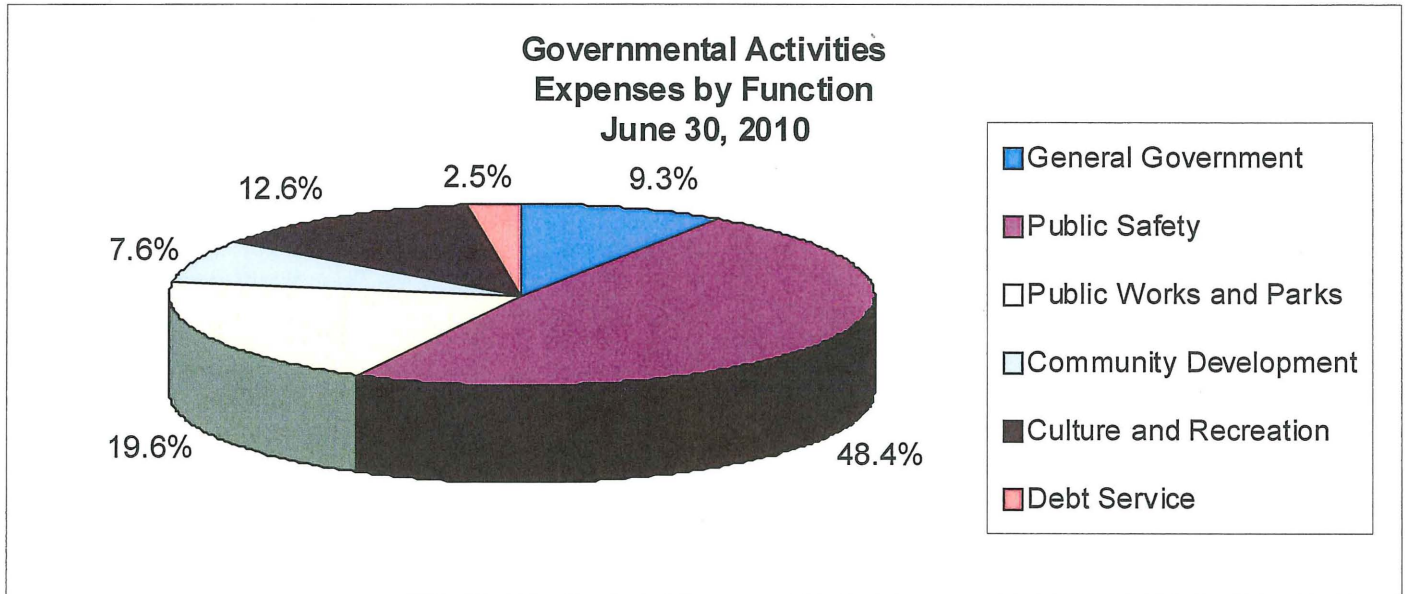


Management's Discussion and Analysis  
 Fiscal Year Ended June 30, 2010

Governmental Activities - Revenues:



Governmental Activities - Expenses:



Total expenses for governmental activities were \$86.4 million (not including interest on long-term debt of \$2.2 million). Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$20.0 million in charges for services.
- A total of \$2.1 million in capital projects was funded by outside agencies through capital grants and contributions.

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**CITY OF SAN RAFAEL**

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***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2010***

As a result, total expenses that were funded by tax revenues; investment income and other general revenues were \$64.3 million.

Functional expenses for the years ended June 30, 2010 were as follows:

Expenses by Function  
For the fiscal year ended June 30, 2010

Function	Amount	Percent of Total
General Government	\$ 8,396,759	9.5 %
Public Safety	42,752,033	48.2 %
Public works and parks	17,401,923	19.6 %
Community development	6,738,873	7.6 %
Culture and recreation	11,139,225	12.6 %
Interest on Debt	2,200,024	2.5 %
<b>Total Expenses</b>	<b>\$ 88,628,837</b>	<b>100.0 %</b>

**Business-Type Activities:**

Net assets for business-type activities were \$13.0 million, a \$0.2 million decrease from the prior fiscal year. Parking services is the City's only business type activity and income is derived from program revenues of \$4.2 million. Program revenues include parking meter coin at \$1.4 million, and parking garage hourly parking at \$0.7 million. Revenues also include parking and non-vehicle code fines totaling \$2.1 million. Total expenses for parking services were \$4.0 million during fiscal year 2009-2010.

**FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS**

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial capacity. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35.5 million. Approximately, \$13.3 million of this amount constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been legally committed.

**General Fund** - *The General Fund is the primary operating fund of the city.*

At the end of the current fiscal year, unreserved fund balance of the general fund was \$5.0 million, while total fund balance reached \$6.8 million. \$5.0 million is designated for contingent liabilities and emergency cash flow to meet our 10% reserve requirement as defined by the City's Financial Management Policies. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 9 percent of total general fund expenditures including transfers out, while total fund balance represents 12 percent of that same amount.

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**CITY OF SAN RAFAEL**

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***Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2010***

The available fund balance in the City's General Fund increased by \$2.9 million compared to the 2009 fiscal year. This increase resulted from:

- City transferred the general liability and worker's compensation claims payable and corresponding cash reserves from the Liability Insurance and Workers' Compensation Internal Service Funds to the General Fund. The transfer was due to the fact that these claim liabilities had been settled mostly with resources from the General Fund. As a result of the transfer, the beginning fund balance of the General fund was increased by \$3.7 million.

***Redevelopment Agency Capital Project Fund*** - The Redevelopment Agency is responsible for assisting in the clearance and rehabilitation of areas determined to be in a declining condition in the City. The Agency's operations are funded primarily by the issuance of debt, which is expected to be repaid out of property tax increment revenue generated by increased in property assessed values in the redevelopment areas.

The Redevelopment Agency Capital Project Fund was established to account for capital improvement projects related to the various redevelopment areas. At the end of fiscal year 2010, the reserved fund balance was \$5.9 million, a decrease of \$0.2 million from the prior year. A total of \$5.5 million in fund balance as of June 30, 2010 was reserved for future capital project and housing programs.

**Proprietary Funds**

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. As discussed in the business-type activities previously, the City's net assets decreased by \$0.2 million as a result of operations in the Parking Services fund.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The final amended budget totaled \$56.1 million, including a decrease of \$2.3 million in appropriations to the originally adopted budget.

During the year, both revenues and expenditures did not exceed the final budgetary estimate. Overall, expenditures exceeded revenues by \$1.6 million. The transfers in exceeded the transfers out by \$0.8 million.

**CITY OF SAN RAFAEL**

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2010**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 amounts to \$226.0 million, net of accumulated depreciation of \$121.1 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the City such as roads, bridges, streets and sidewalks, drainage systems, lighting systems and similar items. The total additions to the City's investment in capital assets for the current fiscal year was \$1.9 million, offset by accumulated depreciation and retirements of \$8.5 million, thereby equaling a net decrease of \$6.6 million.

Major capital asset additions during the current fiscal included work in process Third/Union Intersection Improvement, Northgate Gap Closure project, Terra Linda North San Rafael Improvement, and Corporate Center Storm Water Pump Station Renovation. The City also purchased four vehicles, which included three PD motorcycles and one PD swat trailer.

**Capital Projects**

- Medway/Canal Intersection Improvement project was completed in 2010
- Third/Union Intersection Improvement project was completed in 2010

Additional information on the City's capital assets can be found in Note 5 on pages 47 through 48 of this report.

**Debt Administration**

As of June 30, 2010, the City had outstanding debt issues as listed below. Not included in the following table is the Community Facilities District No.1 Special Tax Bond, which is backed by property tax levies against property owners. The City has no obligation for these bonds. Certain specific revenues back each of the City's other bonds or General Fund lease payments and carry respectable ratings. The City's long-term obligations for the fiscal years 2010 and 2009 were as follows:

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue Bonds	\$ -	\$ 0.5	\$ 6.8	\$ 7.0	\$ 6.8	\$ 7.5
Special Assessment Bonds	-	-	-	-	-	-
Tax Allocation Bonds	35.4	35.8	-	-	35.4	35.8
Court Fine Promissory note	0.4	0.6	-	-	0.4	0.6
Redevelopment note	0.2	0.2	-	-	0.2	0.2
Capitalized Leases	0.1	0.2	-	-	0.1	0.2
Compensated Absences	4.3	4.5	0.2	0.2	4.5	4.7
<b>Total Outstanding Debt</b>	<b>\$ 40.4</b>	<b>\$ 41.8</b>	<b>\$ 7.0</b>	<b>\$ 7.2</b>	<b>\$ 47.4</b>	<b>\$ 49.0</b>

***Management's Discussion and Analysis***  
***Fiscal Year Ended June 30, 2010***

**ECONOMIC CLIMATE AND NEXT YEAR'S BUDGET**

Many factors were considered in preparing the City's budget for fiscal year 2010-2011. In July, the budget was balanced with strategic remedies such as:

- Deferring the replacement of all non-emergency fleet replacement, and moving the life cycle of each of our vehicles out one year. This results in the General Fund saving of \$290,000.
- Non-Safety Employee Furloughs of 5 percent of approximately \$500,000 reduction in the General Fund.
- Reduction of force through 12 Layoffs and an elimination of vacant position for a totaling saving of \$1.3 million.
- Partial year deferrals for the Fire Association scheduled salary increase.
- Issuing the Tax and Revenue Anticipation Notes (TRANS) for \$6,080,000 to bridge the gap between the City's regular flow of operating expenditures and the receipt of its semi-annual property taxes.
- Issuing the Taxable Pension Obligation Bonds for \$4,490,000 to refund a portion of the obligations of the City to the Marin County Employees' Retirement Association.

The magnitude and depth of the current recession could not be projected for the rest of the fiscal year. This downturn in the economy impacts many City revenues. Our sales tax, the City's biggest tax revenue generator, faces a decline of fifteen percent. The credit crisis instigated a slow down in the sale of property causing a 47 % reduction in the City's property transfer tax.

The City's second largest tax generator is property tax. The City will experience a net taxable value decrease of 1.3% for the 2010-2011 tax roll.

The City's largest expenditure by far relates to personnel costs. Salaries and benefits are tied to the labor agreements with each bargaining group.

**REQUEST FOR INFORMATION**

This financial report is designed to provide our residents, businesses, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for providing high quality services within the limits of our fiscal resources. If you have questions about this report or need additional financial information, contact the City of San Rafael - Finance Department, 1400 Fifth Avenue, Room 204, San Rafael, California 94901.

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**CITY OF SAN RAFAEL**

**STATEMENT OF NET ASSETS AND  
STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a total column which presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the City of San Rafael Redevelopment Agency, and the San Rafael Joint Powers Financing Authority which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for their activities. The balances and the activities of the discretely presented component units of the San Rafael Sanitation District are included in these statements as separate columns.

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CITY OF SAN RAFAEL  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	San Rafael Sanitation District
<b>ASSETS</b>				
Cash and investments available for operations (Note 2)	\$30,243,023	\$2,329,531	\$32,572,554	\$14,208,051
Restricted cash and investments (Note 2)	472,566		472,566	472,367
Receivables:				
Accounts	2,766,533	54,684	2,821,217	12,956
Taxes	3,714,557		3,714,557	
Grants	2,045,488		2,045,488	
Interest	71,238		71,238	651
Loans (Note 4)	956,570		956,570	
Internal balances (Note 3)	(11,578)	11,578		
Prepaid expenses and other	155,440	5,025	160,465	217,733
Capital assets (Note 5):				
Nondepreciable	84,178,516	8,620,853	92,799,369	530,686
Depreciable, net	124,040,673	9,134,972	133,175,645	27,847,036
<b>Total Assets</b>	<b>248,633,026</b>	<b>20,156,643</b>	<b>268,789,669</b>	<b>43,289,480</b>
<b>LIABILITIES</b>				
Accounts payable	2,450,006	115,606	2,565,612	752,188
Deposits payable	31,451		31,451	
Interest payable	315,920	80,285	396,205	25,117
Developer bonds payable	346,766		346,766	
Arbitrage payable	25,127		25,127	
Unearned revenue	244,419		244,419	
Due to other agency				
Claims payable (Note 13):				
Due in one year	2,200,000		2,200,000	
Due in more than one year	1,398,587		1,398,587	
Compensated absences (Note 1J):				
Due in one year	726,403	15,310	741,713	
Due in more than one year	3,550,579	172,263	3,722,842	
Long-term debt (Note 6):				
Due in one year	2,531,103	175,000	2,706,103	440,000
Due in more than one year	33,492,543	6,630,000	40,122,543	909,701
Net OPEB liability (Note 11)	6,265,000		6,265,000	
<b>Total Liabilities</b>	<b>53,577,904</b>	<b>7,188,464</b>	<b>60,766,368</b>	<b>2,127,006</b>
<b>NET ASSETS (Note 8):</b>				
Invested in capital assets, net of related debt	173,536,144	10,950,825	184,486,969	27,037,027
Restricted for:				
Special revenue projects	13,520,130		13,520,130	
Capital projects	3,630,528		3,630,528	
Debt service	2,245,163		2,245,163	447,901
Redevelopment projects	6,754,433		6,754,433	
<b>Total Restricted Net Assets</b>	<b>26,150,254</b>		<b>26,150,254</b>	<b>447,901</b>
Unrestricted	(4,631,276)	2,017,354	(2,613,922)	13,677,546
<b>Total Net Assets</b>	<b>\$195,055,122</b>	<b>\$12,968,179</b>	<b>\$208,023,301</b>	<b>\$41,162,474</b>

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$8,396,759	\$1,665,460	\$42,357	
Public safety	42,752,033	6,308,912	667,688	
Public works and parks	17,401,923	3,916,874	1,981,929	\$1,347,532
Community development / redevelopment	6,738,873	2,830,179		769,374
Culture and recreation	11,139,225	5,280,458	1,029,081	
Interest on long-term debt	2,200,024			
Total Governmental Activities	<u>88,628,837</u>	<u>20,001,883</u>	<u>3,721,055</u>	<u>2,116,906</u>
Business-type Activities				
Parking services	4,016,198	4,244,404		
Total Business-type Activities	<u>4,016,198</u>	<u>4,244,404</u>		
Total Primary Government	<u>\$92,645,035</u>	<u>\$24,246,287</u>	<u>\$3,721,055</u>	<u>\$2,116,906</u>
Component Unit				
San Rafael Sanitation District	<u>\$9,087,354</u>	<u>\$11,559,549</u>		

General revenues:

Taxes:

- Property
- Sales
- Paramedic
- Motor vehicles
- Transient occupancy
- Franchises
- Business licenses
- Other

Investment earnings

Miscellaneous

Aid from other governmental agencies

Gain on sale of capital asset

Transfers

Total general revenues and transfers

Change in Net Assets

Net Assets, beginning of year

Net Assets, end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	San Rafael Sanitation District
(\$6,688,942)		(\$6,688,942)	
(35,775,433)		(35,775,433)	
(10,155,588)		(10,155,588)	
(3,139,320)		(3,139,320)	
(4,829,686)		(4,829,686)	
<u>(2,200,024)</u>		<u>(2,200,024)</u>	
<u>(62,788,993)</u>		<u>(62,788,993)</u>	
	\$228,206	228,206	
	<u>228,206</u>	<u>228,206</u>	
<u>(62,788,993)</u>	<u>228,206</u>	<u>(62,560,787)</u>	
			<u>\$2,472,195</u>
21,684,131		21,684,131	823,187
19,055,124		19,055,124	
3,489,494		3,489,494	
171,518		171,518	
1,558,243		1,558,243	
2,868,332		2,868,332	
2,317,664		2,317,664	
1,411,583		1,411,583	
302,180	17,678	319,858	93,274
541,390		541,390	
			415,391
221,791		221,791	
<u>458,300</u>	<u>(458,300)</u>		
<u>54,079,750</u>	<u>(440,622)</u>	<u>53,639,128</u>	<u>1,331,852</u>
(8,709,243)	(212,416)	(8,921,659)	3,804,047
<u>203,764,365</u>	<u>13,180,595</u>	<u>216,944,960</u>	<u>37,358,427</u>
<u>\$195,055,122</u>	<u>\$12,968,179</u>	<u>\$208,023,301</u>	<u>\$41,162,474</u>

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<b>FUND FINANCIAL STATEMENTS</b>
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Major funds are defined generally as having significant activities or balances in the current year.

The funds described below were determined to be Major Funds by the City in fiscal 2010. Individual non-major funds may be found in the Supplemental section.

**GENERAL FUND**

Established to accounts for all financial resources and transactions except those required to be accounted for in other funds.

**TRAFFIC AND HOUSING MITIGATION FUND**

Established to maintain a long-term developer deposits for major housing and street improvement projects.

**GAS TAX FUND**

Established to receive and expend the City's allocation of the State gasoline taxes.

**REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND**

Established to account for the capital projects activities of the San Rafael Redevelopment Agency.

CITY OF SAN RAFAEL  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2010

	General	Traffic and Housing Mitigation	Gas Tax	Redevelopment Agency Capital Projects
<b>ASSETS</b>				
Cash and investments available for operations (Note 2)	\$3,971,946	\$8,781,150	\$896,459	\$6,209,353
Restricted cash and investments (Note 2)	75,633			279,001
Receivables:				
Accounts	177,106		16,333	21,900
Taxes	3,553,167		93,454	3,276
Grants			1,181,624	26,624
Interest	65,542			5,663
Loans (Note 4)	583,300	65,715		307,555
Due from other funds (Note 3A)		307,723		
Prepaid expenses	28,214			
<b>Total Assets</b>	<b>\$8,454,908</b>	<b>\$9,154,588</b>	<b>\$2,187,870</b>	<b>\$6,853,372</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$1,301,396		\$136,430	\$48,812
Deposits payable	31,451			
Developer bonds payable	320,266			25,000
Arbitrage payable				25,127
Due to other funds (Note 3A)				
Deferred revenue				
<b>Total Liabilities</b>	<b>1,653,113</b>		<b>136,430</b>	<b>98,939</b>
Fund Balances (Note 8):				
Reserved for:				
Encumbrances	132,507		128,683	
Petty cash	3,645			
Project development	576,995			
Loans receivable	583,300	\$65,715		307,555
Prepaid expense	28,214			
Debt service				
Court fine audit	363,328			
Assessment districts/open space	75,633			
Improvement projects				3,022,911
Traffic and housing		9,088,873		2,526,868
Unreserved, designated:				
Emergency and cash flow	1,439,586			
Contingent liabilities	3,598,587			
Unreserved, undesignated				
Special Revenue Funds			1,922,757	
Capital Projects Funds				897,099
Debt Service Funds				
<b>Total Fund Balances</b>	<b>6,801,795</b>	<b>9,154,588</b>	<b>2,051,440</b>	<b>6,754,433</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$8,454,908</b>	<b>\$9,154,588</b>	<b>\$2,187,870</b>	<b>\$6,853,372</b>

See accompanying notes to basic financial statements

Other Governmental Funds	Total Governmental Funds
\$9,665,909	\$29,524,817
117,932	472,566
1,497,511	1,712,850
64,660	3,714,557
837,240	2,045,488
33	71,238
	956,570
60,226	367,949
1,985	30,199
<u>\$12,245,496</u>	<u>\$38,896,234</u>
\$933,712	\$2,420,350
	31,451
1,500	346,766
	25,127
367,949	367,949
244,419	244,419
<u>1,547,580</u>	<u>3,436,062</u>
	261,190
	3,645
	576,995
	956,570
1,985	30,199
210,133	210,133
	363,328
	75,633
	3,022,911
	11,615,741
	1,439,586
	3,598,587
6,855,270	8,778,027
3,630,528	4,527,627
<u>10,697,916</u>	<u>35,460,172</u>
<u>\$12,245,496</u>	<u>\$38,896,234</u>

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CITY OF SAN RAFAEL  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
 FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet	\$35,460,172
Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds because of the following:	
Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds.	208,219,189
Internal service funds are used by management to charge the cost of management of communication, telephone, building, fleet maintenance, equipment replacement, workers' compensation, employee benefits, insurance, and post-retirement healthcare benefits to individual funds. The assets and liabilities are included in Governmental Activities in the Statement of Net Assets.	1,855,896
Interest payable on long-term debt does not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.	(315,920)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	(36,023,646)
Long-term compensated absences	(4,276,982)
Net OPEB liability	(6,265,000)
Claims payable	<u>(3,598,587)</u>
Net assets of governmental activities	<u><u>\$195,055,122</u></u>

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010

	General	Traffic and Housing Mitigation	Gas Tax	Redevelopment Agency Capital Projects
<b>REVENUES</b>				
Taxes and special assessments	\$39,717,752			\$953,833
Licenses and permits	1,515,069			
Fines and forfeitures	787,411			
Use of money and properties	155,196	\$69,445	\$9,835	67,161
Intergovernmental	6,736,930		2,855,978	746,874
Charges for services	1,936,405	21,407	672,654	16,177
Other revenue	197,843	29,836	83,796	67,216
<b>Total Revenues</b>	<b>51,046,606</b>	<b>120,688</b>	<b>3,622,263</b>	<b>1,851,261</b>
<b>EXPENDITURES</b>				
Current:				
General government	6,701,085			31,350
Public safety	32,218,288			
Public works and parks	7,678,081	65,159	18,662	105,922
Community development / redevelopment	3,100,343			1,298,251
Culture and recreation	2,316,695			
Capital outlay	178,887	886,311	3,559	
Capital improvement / special projects	268,801		1,735,342	396,999
Debt service:				
Principal (Note 6)	230,772			
Interest and fiscal charges				
<b>Total Expenditures</b>	<b>52,692,952</b>	<b>951,470</b>	<b>1,757,563</b>	<b>1,832,522</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,646,346)</b>	<b>(830,782)</b>	<b>1,864,700</b>	<b>18,739</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital asset				221,791
Bond issuance (Note 6)				
Payment to refunded bonds (Note 6)				
Bond premiums (Note 6)				
Transfers in (Note 3B)	3,487,383			1,524,864
Transfers out (Note 3B)	(2,652,443)		(2,205,552)	
<b>Total Other Financing Sources (Uses)</b>	<b>834,940</b>		<b>(2,205,552)</b>	<b>1,746,655</b>
<b>Net Change in Fund Balances</b>	<b>(811,406)</b>	<b>(830,782)</b>	<b>(340,852)</b>	<b>1,765,394</b>
<b>FUND BALANCES, BEGINNING OF YEAR, AS ADJUSTED (Note 1M)</b>	<b>7,613,201</b>	<b>9,985,370</b>	<b>2,392,292</b>	<b>4,989,039</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$6,801,795</b>	<b>\$9,154,588</b>	<b>\$2,051,440</b>	<b>\$6,754,433</b>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$7,006,956	\$47,678,541
\$3,750	1,518,819
	787,411
132,237	433,874
2,661,921	13,001,703
13,140,682	15,787,325
338,069	716,760
<u>23,283,615</u>	<u>79,924,433</u>
1,264,632	7,997,067
7,355,803	39,574,091
2,863,845	10,731,669
	4,398,594
7,288,989	9,605,684
821,802	1,890,559
1,035,466	3,436,608
2,573,486	2,804,258
1,979,372	1,979,372
<u>25,183,395</u>	<u>82,417,902</u>
<u>(1,899,780)</u>	<u>(2,493,469)</u>
	221,791
14,660,000	14,660,000
(14,315,000)	(14,315,000)
1,038,185	1,038,185
2,482,313	7,494,560
(1,553,155)	(6,411,150)
<u>2,312,343</u>	<u>2,688,386</u>
412,563	194,917
10,285,353	35,265,255
<u>\$10,697,916</u>	<u>\$35,460,172</u>

CITY OF SAN RAFAEL  
Reconciliation of the  
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
with the  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$194,917

Amounts reported for Governmental Activities in the Statement of Activities are different because of the following:

Capital Assets Transactions

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets are added back to fund balance.	1,900,428
Loss on retirement of capital assets and capital assets transferred to Enterprise Fund are deducted from the fund balance.	(462,800)
Current year depreciation is deducted from fund balance.	(7,594,373)

Long-Term Debt Proceeds and Payments

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Principal debt service payments are added back to fund balance	2,804,258
Bond interest accretion is deducted from fund balance	(234,111)
Bond issuance is deducted from the fund balance	(14,660,000)
Payment to refunded bonds is added back to fund balance	14,315,000

Accrual of Non-Current Items

The amount below included in the Statement of Activities does not require the use of current financial resources and therefore is not reported as revenue or expenditures in governmental funds (net change):

Deferred bond premiums	(1,038,185)
Interest payable	13,459
Compensated absences	225,945
Deferred revenue	(720,250)
Net OPEB liability	(4,232,000)
Claims payable	118,384

Allocation of Internal Service Fund Activities

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities.

660,085

Change in Net Assets of Governmental Activities

(\$8,709,243)

See accompanying notes to financial statements

## **MAJOR PROPRIETARY FUNDS**

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported its only enterprise fund as a major proprietary fund.

### **PARKING SERVICES FUND**

Established to maintain parking garages, lots and spaces in the Downtown Parking District (established over 40 years ago), and to pay for parking enforcement, meter collection, and downtown office services.

CITY OF SAN RAFAEL  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2010

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and investments available for operations (Note 2)	\$2,329,531	\$718,206
Accounts receivable	54,684	1,053,683
Due from other funds (Note 3A)		845,684
Prepays and deposit	5,025	125,241
Total Current Assets	2,389,240	2,742,814
Noncurrent Assets:		
Capital assets (Note 5):		
Nondepreciable	8,620,853	
Depreciable, net	9,134,972	
Total Noncurrent Assets	17,755,825	
Total Assets	20,145,065	2,742,814
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	115,606	29,656
Interest payable	80,285	
Due to other funds (Note 3A)		845,684
Compensated absences, due in one year (Note 1J)	15,310	
Long-term debt, due in one year (Note 6)	175,000	
Total Current Liabilities	386,201	875,340
Noncurrent Liabilities:		
Compensated absences (Note 1J)	172,263	
Long-term debt (Note 6)	6,630,000	
Total Noncurrent Liabilities	6,802,263	
Total Liabilities	7,188,464	875,340
NET ASSETS (Note 8):		
Invested in capital assets, net of related debt	10,950,825	
Unrestricted	2,005,776	1,867,474
Total Net Assets	12,956,601	\$1,867,474
Some amounts reported for <i>business-type activities</i> in the Statement of Net Assets are different because certain internal service fund assets and liabilities are included with business-type activities.		
	11,578	
Net assets business-type activities	\$12,968,179	

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
<b>OPERATING REVENUES</b>		
Charges for current services	\$2,177,414	\$5,489,286
Other operating revenues	2,066,990	1,832,187
Total Operating Revenues	4,244,404	7,321,473
<b>OPERATING EXPENSES</b>		
Personnel	2,201,739	
Insurance premiums and claims		5,161,152
Maintenance and repairs	212,156	82,827
Depreciation	335,909	
General and administrative	935,069	833,659
Total Operating Expenses	3,684,873	6,077,638
Operating Income	559,531	1,243,835
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	17,678	35,320
Interest expense	(325,285)	
Total Nonoperating Revenues (Expenses)	(307,607)	35,320
Income Before Transfers	251,924	1,279,155
Transfers in (Note 3B)		529,890
Transfers out (Note 3B)	(458,300)	(1,155,000)
Change in Net Assets	(206,376)	654,045
<b>NET ASSETS, BEGINNING OF YEAR</b>	13,162,977	1,213,429
<b>NET ASSETS, END OF YEAR</b>	12,956,601	\$1,867,474
Change in Net Assets	(206,376)	
Some amounts reported for <i>business-type activities</i> in the Statement of Activities are different because the portion of the net income of certain internal service funds is reported with the business-type activities which those funds serviced.	(6,040)	
Change in Net Assets of Business-type Activities	(\$212,416)	

See accompanying notes to financial statements

CITY OF SAN RAFAEL  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds	Governmental Activities
	Parking Services	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers/other funds	\$2,172,389	\$5,482,782
Cash payments to suppliers for goods and services	(1,145,225)	(9,926,709)
Cash payments to employees	(2,179,133)	
Other operating revenues	2,104,076	1,832,187
	<u>952,107</u>	<u>(2,611,740)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund payments	(458,300)	(625,110)
	<u>(458,300)</u>	<u>(625,110)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds received from sale of capital assets	126,903	
Principal payments on certificates of participation	(170,000)	
Interest expenses and fiscal charges	(326,667)	
	<u>(369,764)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	17,678	35,320
	<u>17,678</u>	<u>35,320</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>141,721</u>	<u>(3,201,530)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>2,187,810</u>	<u>3,919,736</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$2,329,531</u>	<u>\$718,206</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>		
provided by operating activities:		
Operating income	\$559,531	\$1,243,835
Adjustments to reconcile operating income to cash flows from operating activities:		
Depreciation	335,909	
Net change in assets and liabilities:		
Accounts receivable	37,086	(6,504)
Prepays and deposits	(5,025)	(120,054)
Accounts payable	2,000	(12,046)
Compensated absence obligations	22,606	
Claims payable		(3,716,971)
	<u>\$952,107</u>	<u>(\$2,611,740)</u>
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$952,107</u>	<u>(\$2,611,740)</u>

See accompanying notes to basic financial statements



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Description of the Financial Reporting Entity***

As required by generally accepted accounting principles, the financial statements present the City of San Rafael (the City) as the Primary Government, with its component units for which the City is considered financially accountable. The component units discussed below are included in the City's reporting entity because of the significance of their operational and financial relationships with the City.

**B. *Description of Blended Component Units***

The accompanying basic financial statements include all funds and boards and commissions that are controlled by the City Council. The basic financial statements include the City's blended component units, entities for which the City is considered to be financially accountable. A blended component unit, although a legally separate entity, is in substance, part of the City's operations and so data from this entity is combined with the City. The City's following blended component units are described below.

**San Rafael Redevelopment Agency** – The San Rafael Redevelopment Agency (Agency) was established under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000) primarily to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the City. Financial activity of the Agency commenced in July 1983. Under the Agency's Redevelopment Plan (Plan), approved in November 1982, the Agency is to assist in the development of the property located in the central San Rafael business core and east San Rafael. The Agency receives incremental tax revenues on the developed property due to increases in assessed value. The Agency functions as an independent entity. The City Council serves as the governing board of the Agency.

The Agency's assets, liabilities, revenues and expenditures (other than those applicable to its capital assets and long-term debt) are reported in the Fund Financial Statements. The Agency's capital assets and long-term debt are reported with the Governmental Activities in the Government-Wide Financial Statements.

**San Rafael Joint Powers Financing Authority** – The San Rafael Joint Powers Financing Authority (Authority) was created by the City of San Rafael pursuant to Articles 1 and 2 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California for the purpose of assisting in the financing and refinancing of certain assessment district activities in the City.

All of the Authority's assets, liabilities, revenues and expenditures are reported in the Fund Financial Statements. The Agency's capital assets and long-term debt are reported with the Governmental Activities in the Government-Wide Financial Statements.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Description of Discretely Presented Component Unit**

**San Rafael Sanitation District** – The San Rafael Sanitation District (District) was formed in 1947 under Section 4700 of the California Health and Safety Code to provide wastewater transmission over the southern two-thirds of the City and adjacent unincorporated areas. The City contracts with the District to maintain the collection systems in the City and unincorporated areas.

The District is governed by a three-member Board of Directors who are appointed to four-year terms. The City Council of the City appoints two out of the three board members and has the ability to remove the two board members at will.

The District's activities are reported as a discretely presented component unit in a separate column in the basic financial statements which includes the District's assets, liabilities, revenues, expenses, results of operations and cash flows. The District's fiscal year end in June 30 and its separately issued component unit financial statements can be obtained at Central Marin Sanitation Agency, Finance Department, 1301 Andersen Drive, San Rafael, California 94901.

**D. Basis of Presentation**

**Government-wide Statements** - The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Interfund transfers and amounts owed between funds within the primary government have been eliminated from the statements. Amounts representing interfund services and uses remain in the statements. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**Fund Financial Statements:** The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental* and *proprietary* – are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

**E. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

**General Fund** – Accounts for all financial resources and transactions except those required to be accounted for in other funds.

**Traffic and Housing Mitigation Fund** – Established to maintain long-term developer deposits for major housing and street improvement projects.

**Gas Tax Fund** - Established to receive and expend the City's allocation of the State gasoline taxes.

**Redevelopment Agency Capital Projects Fund** – Consist of five funds; 1) the 1999 Agency Bonds Funds, 2) the 2002 Agency Bonds Funds, 3) the RDA Capital Improvement Fund (for improvement projects), 4) project Administration Fund, and 5) the Housing Fund.

The City reported its only enterprise fund as a major fund in the accompanying financial statements. The enterprise funds is:

**Parking Services Fund** – Established to maintain parking garages, lots and spaces in the Downtown Parking District (established over 40 years ago), and to pay for parking enforcement, meter collection, and downtown officer services.

The City also reports the following fund types:

**Internal Service Funds** - These funds account for: building maintenance, employee benefits, liability insurance, workers' compensation, dental insurance, all of which are provided to other departments on a cost-reimbursement basis.

CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**F. Basis of Accounting**

The government-wide, proprietary and discretely presented component unit financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Those revenues susceptible to accrual are property and sales taxes, certain intergovernmental revenues, interest revenue, charges for services, fines and forfeitures. Sales taxes collected and held by the state at year end on behalf of the City are also recognized as revenue. Other receipts and taxes are recognized as revenue when the cash is received.

Non-exchange transactions, in which the City gives or receives value without directly, receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenue. Thus, both restricted and unrestricted net assets may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City considers restricted shared state revenues such as gasoline taxes and public safety sales taxes, restricted locally imposed transportation sales taxes, fines, forfeitures, licenses, permits, charges for services, and program grants as program revenues.

Certain indirect costs are included in program expenses reported for individual functions and activities.

The City follows statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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**G. *Budgets, Budgetary Accounting, And Encumbrances***

The City adopts a budget on a biannual basis, to be effective July 1 for the ensuing and subsequent fiscal years. The two year budget reflects estimated revenues and expenditures for each fiscal year. From the effective date of the budget, which is adopted at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget by resolution during the fiscal year. Expenditures may not exceed appropriations at the departmental level, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between accounts, departments or funds; the Council must approve any increase in the City's total budget. Several supplemental appropriations were approved during the course of the year.

The City legally adopts budgets for all its governmental funds, except for the East Francisco Boulevard Assessment District, 1915 Act Bonds and 1997 Reassessment Bonds debt service funds, because the City is only required to make debt service payments in the event of bondholder default.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditures are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the budgetary process. Encumbrances outstanding at year end are reported as a reservation of fund balances since they do not constitute expenditures or liabilities and are carried forward in the subsequent year's budget. All unencumbered appropriations lapse at year end.

The following Major Special Revenue Fund incurred expenditures in excess of their budget. Sufficient resources were available within each department to finance these overages.

Traffic and Housing Mitigation Special Revenue Fund     \$840,500

**H. *Cash Equivalents***

For purposes of the statement of cash flows, the City considers all highly liquid investments (including all restricted assets) with maturity of three months or less when purchased to be cash equivalents. The City maintains a cash and investment pool that is available for use by all funds. As the proprietary funds' share of this pool is readily available when needed, such share is also considered to be cash equivalent. Deposit assets in the proprietary funds are related to insurance and benefits and are not considered cash equivalents for purposes of the statement of cash flows.

**I. *Capital Assets***

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City has included the value of all infrastructure capital assets into its Basic Financial Statements using the Basic Approach for infrastructure reporting.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Capital assets, excluding infrastructure, are recorded if acquisition or construction costs exceeds \$5,000. The similar threshold for infrastructure is \$25,000.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

The City has assigned the useful lives listed below to capital assets:

Buildings, improvements, and structures	20 – 50 years
Machinery and equipment	5 – 15 years
Infrastructure	15 – 50 years

**J. *Compensated Absences***

Compensated absences are accrued as earned. Upon termination, employees are paid for all unused vacation at their current hourly rates. Unused sick leave based upon the rate of two to three percent (2%-3%) for each year of service, one half of accumulated sick leave becomes vested, up to a maximum amount as specified under labor contract provisions. The vested portion is available for current use or, if unused, is payable at termination or retirement.

The long-term portion of the liability for compensated absences for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. Compensated absences are liquidated by the fund that has recorded the liability. Proprietary fund liabilities are recorded within their respective funds.

The changes of the compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$4,579,797	\$164,967	\$4,744,764
Additions	3,537,724	136,007	3,673,731
Payments	(3,840,539)	(113,401)	(3,953,940)
Ending Balance	\$4,276,982	\$187,573	\$4,464,555
Current Portion	\$726,403	\$15,310	\$741,713

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***K. Property Tax Levy, Collection and Maximum Rates***

State of California Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted by no more than 2% per year unless the property is sold, transferred, or substantially improved. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the counties, cities, school districts and other districts. Marin County assesses properties, bills for and collects property taxes on the schedule that follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	July 1	July 1
Due dates (delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes are levied and recorded as revenue when received in the fiscal year of levy because of the adoption of the “alternate method of property tax distribution,” known as the Teeter Plan, by the City and the County of Marin. The Teeter Plan authorized the auditor-controller of the County of Marin to allocate 100% of the secured property taxes billed, but not yet paid. The County of Marin remits tax monies to the City in three installments, as follows:

- 55 % remitted on December 15
- 40% remitted on April 15
- 5% remitted on June 15

***L. Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the dates of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting periods. Actual results could differ from those estimates.

***M. Change in the Application of an Accounting Principle***

During fiscal year 2009-10, the City transferred the general liability and workers’ compensation claims payable and the corresponding cash reserves from the Liability Insurance and Workers’ Compensation Internal Service Funds to the General Fund. The transfer was due to the fact that these claim liabilities had been settled mostly with resources from the General Fund.

Since General Fund is on modified accrual accounting basis, expenditures and liabilities related to these claims payable should only be recognized when they are due. The full amounts of these claims payable are reported in the accrual-based government-wide Statement of Net Assets.

As a result of the above transfer, the beginning fund balance of the General Fund was increased by \$3,716,971.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS**

The City's goal is to invest at the maximum yield, consistent with safety and liquidity, while individual funds can process payments for expenditures at any time.

**A. Policies**

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the Trust Department of a bank as the custodian of certain City managed investments, regardless of their form.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**B. Classification**

Cash and investments as of June 30, 2010, are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or agency agreements.

Financial Statement Presentation:

Statement of Net Assets:

**City of San Rafael:**

Cash and investments available for operations	\$32,572,554
Restricted cash and investments	472,566

Total Primary Government Cash and Investments	33,045,120
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**San Rafael Sanitation District:**

Cash and investments available for operations	14,208,051
Restricted cash and investments	472,367

Total San Rafael Sanitation District Cash and Investments	14,680,418
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Total Cash and Investments	\$47,725,538
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The City does not allocate investments by fund. Each proprietary fund's portion of Cash and Investments Available for Operations is in substance a demand deposit available to finance operations, and is considered a cash equivalent in preparing the statement of cash flows.



**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**C. *Investments Authorized by the California Government Code and the City's Investment Policy***

The City's investment policy and the California Government Code allow the City to invest in the following provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Government Obligation	5 years		No limit	No limit
U.S. Agency Securities and Instruments	5 years	AAA	No limit	No limit
Repurchase Agreements	1 year	A-1	No limit	No limit
Prime Commercial Paper	270 days	A-1	25%	\$1,000,000
Bankers' Acceptances	180 days	A-1	40%	\$2,000,000
Medium-Term Corporate Notes	5 years	A	30%	\$1,000,000
Negotiable Certificates of Deposit	5 years	AA	30%	No limit
Non-negotiable Certificates of Deposit	180 days	N/A	No limit	No limit
Local Agency Investment Fund	N/A	N/A	N/A	N/A
Money Market Mutual Funds	N/A	AAA	10%	N/A

The City of San Rafael Sanitation District adopted the investments policy of the Treasurer and Tax Collector of the County of the Marin. Accordingly, the District, following the County, may invest in U.S. Treasury and agency securities, commercial paper, banker's acceptances, time deposits, repurchases agreements, and the State of California LAIF. The district, additionally, may invest in the Marin County Investment Pool. At year-end, the District's investments were in compliance with the above provisions.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**D. Investments Authorized by Debt Agreements**

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City ordinance bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
U.S. Treasury Obligations	5 years to no maximum	N/A	No Limit
U.S. Agency Securities	3- 5 years	N/A	No Limit
U.S. Agency Instruments	5 years	AAA	No Limit
Repurchase Agreements	1 year	A-1	No limit
Bankers' Acceptances	360 days	Category Highest Rating	No Limit
Money Market Funds	N/A	Category Highest Rating	No Limit
Prime Commercial Paper	270 days	Category Highest Rating	No Limit
Guaranteed Investment Contracts (fully collateralized) (A)	N/A	Category Highest Rating	No Limit
Municipal Obligations	N/A	Two Highest Category Ratings	No Limit
Medium-Term Corporate Notes	5 Years	A	No Limit
Non-Negotiable Certificates of Deposit	180 Days	N/A	No Limit
Negotiable Certificates of Deposit	5 Years	N/A	No limit
Local Agency Investment Fund	N/A	N/A	N/A

(A) Guaranteed Investment Contracts must be fully collateralized with U.S. Treasury Obligations or U.S. Agency Obligations.

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**E. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City also manages its interest rate risk by holding most investments to maturity, thus reversing unrealized market gains and losses.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity or earliest call date:

Type of Investment	12 Months or Less	13 to 24 Months	25 to 60 Months	Total
<b>City:</b>				
U.S. Federal Agency Securities	\$2,042,665	\$1,028,594	\$1,514,468	\$4,585,727
Money Market Mutual Funds	1,781,725			1,781,725
Local Agency Investment Fund	25,083,410			25,083,410
Corporation Notes		523,825		523,825
Total Investments	\$28,907,800	\$1,552,419	\$1,514,468	31,974,687
<i>Cash in banks and on hand</i>				1,070,433
Total City Cash and Investments				33,045,120
<b>San Rafael Sanitation District:</b>				
<i>Cash in banks and short-term pooled investments</i>				14,680,418
Total District's Cash and Investments				14,680,418
Total Cash and Investments				\$47,725,538

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2010, these investments matured in an average of 203 days.

Money Market Mutual Funds are available for withdrawal on demand and at June 30, 2010, matured in an average of 38 days.

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**F. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2010, for each of the Primary Government's investment types as provided by Standard and Poor's or Fitch investment rating systems, except as noted:

<u>Type of Investment</u>	<u>Aa2/AA+</u>	<u>Aaa/AAA</u>	<u>Total</u>
<b>City:</b>			
U.S. Federal Agency Securities		\$4,585,727	
Money Market Mutual Funds		1,781,725	
Corporation Notes	<u>\$523,825</u>		
Total rated investments			\$6,891,277
Not rated:			
Local Agency Investment Fund			25,083,410
Cash in banks and on hand			<u>1,070,433</u>
Total City Cash and Investments			<u>33,045,120</u>
<b>San Rafael Sanitation District:</b>			
Not rated:			
Cash in banks and short-term pooled investments		<u>\$14,680,418</u>	
Total District's Cash and Investments			<u>14,680,418</u>
Total Cash and Investments			<u>\$47,725,538</u>

**G. Concentration of Credit Risk**

Investments in any one issuer, other than U. S. Treasury securities, money market mutual funds, and California Local Agency Investment Funds that represent 5% or more of total City-wide investments are as follows at June 30, 2010:

<u>Reporting Unit</u>	<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>
Entity-wide	Federal Home Loan Bank	Federal Agencies Obligation	\$2,530,157
General Fund	Federal Home Loan Bank	Federal Agencies Obligation	\$2,530,157
	Federal Home Loan Mortgage Corporation	Federal Agencies Obligation	1,012,124
	Federal Farm Credit Bank	Federal Agencies Obligation	1,043,438
	GE Capital Corporate Medium Term Notes	Corporate Bonds	523,825

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 3 - INTER-FUND TRANSACTIONS**

**A. *Inter-fund Receivables and Payables***

Amounts due to or due from other funds reflect inter-fund balances for services rendered or short-term loans expected to be repaid in the next fiscal year.

As of June 30, 2010, the Childcare Special Revenue Fund owed the Recreation Revolving Special Revenue Fund \$60,226 and the Sewer Maintenance Special Revenue Fund owed the Traffic and Housing Mitigation Special Revenue Fund \$307,723.

The Employee Benefits Internal Service Fund owed the Liability Insurance and Workers' Compensation Internal Service Funds \$827,090 and \$18,594 respectively.

**B. *Transfers***

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, operating expenses and low and moderate-income housing projects.

Transfers between funds during the fiscal year ended June 30, 2010, were as follows:

From Fund	To Fund	Amount	
General Fund	Non-Major Governmental Funds	\$2,322,551	<b>A</b>
	Internal Service Funds	529,890	<b>B</b>
Gas Tax Fund	General Fund	1,469,934	<b>C</b>
	Redevelopment Agency Capital Projects Fund	695,856	<b>D</b>
	Non-Major Governmental Funds	39,762	<b>A</b>
Redevelopment Agency Debt Service Fund	Redevelopment Agency Capital Projects Fund	829,008	<b>D</b>
Non-Major Governmental Funds	General Fund	724,149	<b>C</b>
Parking Services Enterprise Funds	General Fund	393,300	<b>C</b>
	Non-Major Governmental Funds	65,000	<b>A</b>
Internal Service Funds	General Fund	900,000	<b>C</b>
	Non-Major Governmental Funds	55,000	<b>A</b>
		<b>\$8,024,450</b>	

- (A) Transfers to the Non-Major Governmental Funds were for administrative costs, program support, capital projects, special projects and housing portion of debt service.
- (B) Transfers to the Internal Service Funds were to fund internal operations.
- (C) Transfers to the General Fund were for administrative costs, costs of dispatch and street maintenance support.
- (D) Transfers to the Redevelopment Agency Capital Projects fund were to fund capital projects.

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 3 - INTER-FUND TRANSACTIONS (Continued)**

**C. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**NOTE 4 – LOANS RECEIVABLE AND DEFERRED REVENUE**

**A. Summary of Loans Receivable**

The City has reserved the portion of fund balance represented by these loans. At June 30, 2010, these loans totaled:

Employees' Loans	\$21,337
Centertown Associates	307,555
One "H" Street Associates	65,715
Fire Chief Loan	<u>561,963</u>
Total	<u><u>\$956,570</u></u>

**B. Employee Loans**

Effective February 1, 2000, the City agreed to loan employees up to \$2,500 for the purchase of computer hardware and software. The loan program, which stipulates that employees may not have more than one loan outstanding, provides financial assistance from the City in the form of a no interest loan repaid through automatic payroll deductions.

**C. Centertown Associates**

The City loaned Centertown Associates, Ltd, \$303,000 at 3% interest due semiannually. The loan was made for the construction of a 60-unit affordable Centertown apartment complex and is fully secured by a deed of trust. The final payment is due on July 31, 2065.

**D. One "H" Street Associates**

The City loaned One "H" Street Associates \$100,000 at zero percent interest with annual payments of \$2,857 and with a final payment due January 18, 2034. The loan was made in connection with an affordable housing project located at One "H" Street.

**E. Fire Chief Loan**

On September 17, 2007, the City Council approved a Home Loan Agreement to provide the Fire Chief with housing assistance. Under the Agreement, which was executed on October 3, 2007, the City loaned the Fire Chief \$600,000 to assist in the purchase of his primary residence. The loan is secured by a recorded Deed of Trust. The initial interest rate to be charged was 5.25% through August 31, 2008. On September 1, 2008, and on each September 1 following, until the loan is paid off, the interest rate of the loan will be adjusted based upon the then reported quarter-to-date Local Agency Investment Fund rate on the City's investment portfolio. As of June 30, 2010, the balance of the loan was \$561,963

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 5 - CAPITAL ASSETS**

Changes in capital assets during the fiscal year consist of:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$82,710,795		(\$246,431)		\$82,464,364
Construction in progress	3,395,722	\$1,679,049	(170,533)	(\$3,190,086)	1,714,152
Total capital assets not being depreciated	<u>86,106,517</u>	<u>1,679,049</u>	<u>(416,964)</u>	<u>(3,190,086)</u>	<u>84,178,516</u>
Capital assets being depreciated:					
Land improvements	8,239,061		(3,000)		8,236,061
Buildings and structures	38,830,105				38,830,105
Machinery and equipment	16,174,963	216,831	(302,006)		16,089,788
Infrastructure	176,527,921	4,548		3,190,086	179,722,555
Total capital assets being depreciated	<u>239,772,050</u>	<u>221,379</u>	<u>(305,006)</u>	<u>3,190,086</u>	<u>242,878,509</u>
Less accumulated depreciation for:					
Land improvements	(3,889,035)	(274,646)			(4,163,681)
Buildings and structures	(8,946,004)	(1,141,953)			(10,087,957)
Machinery and equipment	(9,886,991)	(1,335,611)	259,170		(10,963,432)
Infrastructure	(88,780,603)	(4,842,163)			(93,622,766)
Total accumulated depreciation	<u>(111,502,633)</u>	<u>(7,594,373)</u>	<u>259,170</u>		<u>(118,837,836)</u>
Total net capital assets being depreciated	<u>128,269,417</u>	<u>(7,372,994)</u>	<u>(45,836)</u>	<u>3,190,086</u>	<u>124,040,673</u>
Total governmental activity capital assets	<u>\$214,375,934</u>	<u>(\$5,693,945)</u>	<u>(\$462,800)</u>		<u>\$208,219,189</u>
	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2010</u>	
<b>Business-type Activities</b>					
Capital assets not being depreciated:					
Land	\$8,620,853				\$8,620,853
Construction in progress	122,861			(\$122,861)	
Total capital assets not being depreciated	<u>8,743,714</u>			<u>(122,861)</u>	<u>8,620,853</u>
Capital assets being depreciated:					
Buildings and structures	10,234,521				10,234,521
Machinery and equipment	1,142,190			(26,957)	1,115,233
Total capital assets being depreciated	<u>11,376,711</u>			<u>(26,957)</u>	<u>11,349,754</u>
Less accumulated depreciation for:					
Buildings and structures	(1,431,905)	(202,309)			(1,634,214)
Machinery and equipment	(469,883)	(133,600)		22,915	(580,568)
Total accumulated depreciation	<u>(1,901,788)</u>	<u>(335,909)</u>		<u>22,915</u>	<u>(2,214,782)</u>
Total net capital assets being depreciated	<u>9,474,923</u>	<u>(335,909)</u>	<u>(4,042)</u>		<u>9,134,972</u>
Total business-type activity capital assets	<u>\$18,218,637</u>	<u>(\$335,909)</u>	<u>(\$126,903)</u>		<u>\$17,755,825</u>

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Transfers &amp;</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
<b>San Rafael Sanitation District</b>				
Capital assets not being depreciated:				
Land and easements	\$115,329			\$115,329
Construction in progress	3,118,330	\$448,679	(\$3,151,652)	415,357
Total capital assets not being depreciated	<u>3,233,659</u>	<u>448,679</u>	<u>(3,151,652)</u>	<u>530,686</u>
Capital assets being depreciated:				
Subsurface lines	12,152,655	995,490		13,148,145
Sewage collection facilities	33,428,586	2,156,162		35,584,748
General plant and administration	411,052	422,789		833,841
Total capital assets being depreciated	<u>45,992,293</u>	<u>3,574,441</u>		<u>49,566,734</u>
Less accumulated depreciation for:				
Subsurface lines	(8,384,566)	(231,307)		(8,615,873)
Sewage collection facilities	(12,043,350)	(833,514)		(12,876,864)
General plant and administration	(185,086)	(41,865)		(226,951)
Total accumulated depreciation	<u>(20,613,002)</u>	<u>(1,106,686)</u>		<u>(21,719,688)</u>
Total net capital assets being depreciated	<u>25,379,291</u>	<u>(683,897)</u>		<u>27,847,046</u>
Total District's capital assets	<u>\$28,612,950</u>	<u>(\$235,218)</u>	<u>(\$3,151,652)</u>	<u>\$28,377,732</u>

**Capital Asset Contributions** - Some capital assets may have been acquired using Federal and State grant funds, or were contributed by developers or other governments. These contributions are accounted for as revenues at the time the capital assets are contributed.

**Depreciation Allocation** - Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program are as follows:

**Governmental Activities**

General government	\$209,800
Public safety	1,007,762
Public works and parks	5,564,101
Community development/redevelopment	63,716
Culture and recreation	748,994
	<u>748,994</u>

Total Governmental Activities \$7,594,373

**Business-type Activities**

Parking services	\$335,909
	<u>\$335,909</u>

Total Business-type Activities \$335,909



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 6 - LONG-TERM OBLIGATIONS**

A summary of governmental and business-type activities transactions for the fiscal year ended June 30, 2010, follows:

	Authorized and Issued	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Current Portion
<b>Governmental Activities:</b>						
San Rafael Joint Powers Financing Authority						
1997 Authority Revenue Bonds						
4.00%-6.00%, due 9/2/2011	\$5,250,000	\$455,000		\$455,000		
San Rafael Redevelopment Agency						
1999 Tax Allocation Bonds						
Current Interest Bonds						
4.5%-5.00%, due 12/1/2022	21,115,000	15,080,000		15,080,000		
Capital Appreciation Bonds						
5.58%-5.6%, due 12/1/2022	2,389,004	4,128,692	\$234,111		\$4,362,803	
2002 Tax Allocation Refunding Bonds						
2.00%-5.25%, due 12/1/2021	25,020,000	16,585,000		1,290,000	15,295,000	\$1,350,000
2009 Tax Allocation Refunding Bonds						
3.00%-5.00%, due 12/1/2022	14,660,000		14,660,000		14,660,000	875,000
Add: deferred bond premium costs			1,038,185		1,038,185	
Total Tax Allocation Bonds		35,793,692	15,932,296	16,370,000	35,355,988	2,225,000
Ground Lease Note Payable,						
8.00%, due 11/1/2024	169,000	169,000			169,000	
Court Fine Repayment Promissory Note,						
3.873%, due November 2011	1,133,458	594,100		230,772	363,328	239,870
Telephone System Capitalized Lease Obligations,						
4.28%, due 05/30/2012	318,000	198,816		63,486	135,330	66,233
Total Governmental Long-term Debt		\$37,210,608	\$15,932,296	\$17,119,258	\$36,023,646	\$2,531,103
<b>Business-type Activities</b>						
2003 Authority Lease Revenue Bonds						
3.00-4.70%, due 4/1/2033	7,605,000	\$6,975,000		\$170,000	\$6,805,000	\$175,000
Total Enterprise Fund Debt		\$6,975,000		\$170,000	\$6,805,000	\$175,000
<b>San Rafael Sanitation District</b>						
2001 Certificates of Participation						
3.25-4.40%, due 8/1/2012	4,710,000	\$1,810,000		\$430,000	\$1,380,000	\$440,000
Less: unamortized discount/ issuance cost		(58,267)		(27,968)	(30,299)	
Total District Debt		\$1,751,733		\$402,032	\$1,349,701	\$440,000

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 6 - LONG-TERM OBLIGATIONS (Continued)**

**A. 1997 Authority Revenue Bonds**

On January 28, 1997, the San Rafael Joint Powers Financing Authority issued the 1997 Authority Revenue Bonds in the amount of \$5,250,000 bearing interest at rates from 4.00% to 6.00%. The proceeds of the bonds were used to consolidate and refund the previously issued Limited Obligation Refunding Bonds. These bonds had been repaid as of June 30, 2010.

**B. 1999 Tax Allocation Bonds and Capital Appreciation Bonds**

On June 16, 1999, the Agency issued Tax Allocation Bonds in the amount of \$23,504,004. The bonds were issued as Current Interest Bonds in the aggregate principal amount of \$21,115,000 and as Capital Appreciation Bonds in the original amount of \$2,389,004. The proceeds of the bonds were used to finance certain redevelopment activities of benefit to the Agency's Central San Rafael Redevelopment Project Area.

The Current Interest Bonds mature annually each December 1 from 2000 to 2022, in amounts ranging from \$560,000 to \$1,460,000 and bear interest at rates ranging from 4.50% to 5.00%. Interest is payable semiannually on June 1 and December 1. The Current Interest Bonds maturing on or after December 1, 2008, are subject to optional redemption prior to maturity, in whole or in part, either in inverse order of maturity or on a pro rata basis among maturities, on any date on or after December 1, 2007, at a price equal to the principal amount, plus accrued interest on the redemption date, plus a premium ranging from 0.00% to 2.00%.

In December, 2009 of the Agency exercised the redemption option. The outstanding balance of the Bonds were refunded, on a current basis, through the issuance of the 2009 Tax Allocation Refunding Bonds as discussed on Note 6D below.

The Capital Appreciation Bonds mature annually after December 1 from 2018 to 2022, in amounts ranging from \$1,440,000 to \$2,070,000 and bear interest at rates from 5.58% to 5.60%. Interest on the Capital Appreciation Bonds will compound on each interest premium date and will be payable solely at maturity. The bonds are secured, on parity with the 1992 and 1995 bonds (refunded in 2002), by a pledge and a lien on tax revenues and amounts on deposit in certain funds and accounts held by the fiscal agent.

**C. 2002 Tax Allocation Refunding Bonds**

On October 9, 2002, the Agency issued Tax Allocation Refunding Bonds in the amount of \$25,020,000. The proceeds of the bonds were used to refund the 1992 Tax Allocation Refunding Bonds and the 1995 Tax Allocation Bonds. The Bonds mature annually each December 1 from 2002 to 2022, in amounts ranging from \$540,000 to \$1,920,000 and bear interest at rates ranging from 2.00% to 5.25%. Interest is payable semiannually on June 1 and December 1. The Bonds maturing on or after December 1, 2013, are subject to optional redemption prior to maturity, in whole or in part, and by lot within any one maturity, prior to their respective maturity dates, on any date on or after December 1, 2012, at a price equal to the principal amount, plus accrued interest on the redemption date. The bonds are payable from tax revenues to be derived from the redevelopment activities of the Agency related to the Central San Rafael Redevelopment Project Area.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 6 - LONG-TERM OBLIGATIONS (Continued)**

***D. 2009 Tax Allocation Refunding Bonds***

On December 14, 2009, the Agency issued 2009 Tax Allocation Refunding Bonds in the amount of \$14,660,000 bearing interest at rates from 3.00% to 5.00%. The proceeds of the Series 2009 Bonds were used to refund the Agency's 1999 Tax Allocation Current Interest Bonds, to advance funds to the City to finance street and parking improvements for the benefit of the Agency's Central San Rafael Redevelopment Project. Principal payments are due annually on December 30 and interest payable semiannually on June 30 and December 30.

The Series 2009 Bonds are payable from tax revenues derived from the Central San Rafael Redevelopment Project Area. The refunding resulted in the decrease of debt service payments over the next 14 years by \$420,000 and an economic gain of \$1,516,619.

The Series 2009 Bonds maturing on or before December 1, 2019, are not subject to optional redemption prior to their respective stated maturities. The Series 2009 Bonds maturing on or after December 1, 2020, are subject to optional redemption as a whole or in part either on a pro rata basis among maturities or in inverse order of maturity, and by lot within any one maturity, prior to their respective maturity dates, at the option of the Agency, on any date on or after December 1, 2019, at a price equal to the principal amount of such Series 2009 Bonds called for redemption, together with interest accrued on the date fixed for redemption, without premium.

The Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Low and Moderate Income Housing Fund, for the repayment of the 1999 Capital Appreciation Bonds, and the 2002 and 2009 Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues ends upon repayment of \$46.3 million in remaining debt service on the Bonds, which is scheduled to occur in 2023. For fiscal year 2010 tax increment revenues amounted to \$4.4 million and debt service also amounted to \$4.0 million.

***E. Note Payable***

At June 30, 2010, Note Payable consisted of a \$169,000 promissory note bearing interest at 8% with principal and accrued interest due and payable in November 2024. The note was assumed to finance the purchase of certain property by the Agency.

***F. Court Fine Repayment Promissory Note***

On December 29, 2006, the City signed a promissory note in the amount of \$1,133,458 to repay the Superior Court of California, County of Marin. The purpose of the note is to repay the Superior Court for over payment of court revenues, generated from traffic violations, made to the City from the period July 1999 through June 2006. The note bears interest at 3.873% per annum. Principal and interest are payable monthly commencing from January 2007 until December 2011.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 6 - LONG-TERM OBLIGATIONS (Continued)**

***G. Telephone System Capital Lease***

On May 30, 2007, the City entered into a capital lease agreement in the amount of \$318,000 to purchase telephone related network equipment and services. Principal and interest payments are due each May 30 and November 30, commencing November 30, 2007, until May 30, 2011. The capital lease bears interest at 4.28% per annum.

***H. 2003 Authority Lease Revenue Bonds***

On March 26, 2003, the Authority issued 2003 Authority Lease Revenue Bonds in the amount of \$7,605,000 bearing interest at rates from 3.00% to 4.70%. The proceeds of the bonds were provided for the design and construction of a new public parking garage. The bonds mature annually each April 1 from 2006 to 2033, in amounts ranging from \$150,000 to \$290,000. Interest is payable semiannually on April 1 and October 1. The bonds maturing on or after April 1, 2011 are subject to optional redemption prior to maturity on or after April 1, 2010 at the option of the City, as a whole on any date. The Lease Revenues are secured by lease payments made by the City to the Authority for leasing the City facilities.

***I. Discretely Presented Component Unit – San Rafael Sanitation District – 2001 Certificates of Participation***

On May 1, 2001, the District and its Financing Corporation issued \$4,710,000 of Certificates of Participation at a discount of \$35,121 maturing in 2012. The certificates were to be used (1) to refund in whole the outstanding Series 1991 Certificates of Participation (2) to finance the District's share of a new construction corporation yard, (3) to fund in whole or in part, a reserve fund for certificates, and (4) to pay certain costs of issuing the certificates. The certificates are fully registered with principal due annually on August 1 and interest payable semiannually on February 1 and August 1. The certificates are subject to optional prepayment on any date on or after August 1, 2009. Terms of the Trust Agreement call for a premium at 101% to exercise optional prepayment between August 1, 2009, and July 31, 2010, and no premium August 1, 2010, and after.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 6 - LONG-TERM OBLIGATIONS (Continued)**

**J. Future Debt Services**

Future debt service requirements, including interest and capital leases, at June 30, 2010, were as follows:

For the Year Ended June 30	Governmental Activities		Business-type Activities		Component Unit San Rafael Sanitation District	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$2,531,103	\$1,348,505	\$175,000	\$321,141	\$440,000	\$50,820
2012	2,517,555	1,245,710	185,000	314,141	940,000	20,680
2013	2,425,000	1,140,269	190,000	306,741		
2014	2,540,000	1,023,576	200,000	299,141		
2015	2,675,000	893,201	205,000	291,141		
2016 - 2020	15,270,000	2,552,923	1,175,000	1,316,263		
2021 - 2025	10,494,000	371,494	1,460,000	1,023,796		
2026 - 2030			1,860,000	627,000		
2031 - 2033			1,355,000	137,750		
Totals	38,452,658	<u>\$8,575,678</u>	<u>\$6,805,000</u>	<u>\$4,637,114</u>	1,380,000	<u>\$71,500</u>
Reconciliation of long-term debt:						
Less unaccredited discount	(3,467,197)					
Less unamortized original issue discount					(30,299)	
Add deferred bond premium costs	<u>1,038,185</u>					
		<u>\$36,023,646</u>			<u>\$1,349,701</u>	

**NOTE 7 - DEBT WITHOUT CITY COMMITMENT**

The City has sponsored the issuance of the following debt, for which the City is not liable for repayment but is only acting as an agent for the property owners and bondholders:

	Project Description	Original Amount	Outstanding June 30, 2010
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds	162-175 Belvedere Apartments	\$3,590,529	\$1,316,570
California Statewide Communities Development Authority Revenue Bonds	St. Marks School	5,605,000	4,985,000
San Rafael Redevelopment Agency Variable Rate Demand Multifamily Housing Revenue Bonds	55 Fairfax Apartments	3,000,000	2,600,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2001	San Rafael Commons Apartments	6,100,000	5,580,000
City of San Rafael Variable Rate Revenue Bonds	Kaiser Foundation Hospitals	275,000,000	195,630,000
San Rafael Redevelopment Agency Multifamily Housing Revenue Bonds-2007 Series A	Martinelli House Project	6,000,000	2,211,770
Multifamily Housing Revenue Bonds-2007 Series B	Martinelli House	1,000,000	288,668

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

<b>NOTE 8 - NET ASSETS AND FUND BALANCES</b>
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**A. *Net Assets***

Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

*Invested in Capital Assets, net of related debt* describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Assets which is restricted to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include assets restricted due to Redevelopment Agency bond covenants or low and moderate income housing loan agreements.

*Unrestricted* describes the portion of Net Assets which is not restricted to use.

**B. *Fund Balance***

In the fund financial statements, fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

**C. *Reservations***

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds. The City cannot modify or remove these restrictions or reserves.

**D. *Designations***

Designations are imposed by City Council to reflect the future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Council action.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 9 – EMPLOYEES RETIREMENT PLAN**

**A. Plan Description**

The City contributes to the Marin County Employees’ Retirement Association (Association). All full-time and permanent part-time employees who work at least 75% of a full time position are eligible to participate.

The Association is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local governmental agencies within the County of Marin. The Association provides retirement, disability, and death benefits based on the employee’s years of service, age, and final compensation. Employees vest after five years of service and are eligible to receive retirement benefits after 10 years of service and having attained the age of 50, or 30 years of service (20 years for safety employees) regardless of age. These benefits provisions and all other requirements are established under the County Employees’ Retirement Law of 1937. The City’s retirement plan is included in a separately issued report from the Marin County Employees’ Retirement Association, which can be obtained from Marin County Employee’s Retirement Association, 3501 Civic Center Drive, Room 408, Civic Center, San Rafael, California 94903.

**B. Funding Policy**

The funding policy of the Association provides for actuarially determined periodic contributions by the City at rates such that sufficient assets will be available to pay Fund benefits when due. The City contributed 50.90% and 58.69% of payroll to Fund for Police and Fire personnel, respectively, and 26.70% for other covered employees for the year ended June 30, 2010.

**C. Annual Pension Cost**

The annual required contribution was determined as part of the actuarial performed as of June 30, 2009. The employer rates for normal cost is determined using the Entry Age Normal Actuarial Cost Method, projected benefit cost method. It takes into account those benefits that are expected to be earned in the future as well as those already accrued. The significant assumptions used in the 2009 actuarial valuation include an assumed rate of return on invested assets of 7.75%, annual payroll increases reflecting 3.5% for inflation and an approximate range of 0.50% to 8.00% for merit and longevity. The actual rate of return on investments was a loss of 19.8%. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a period of five years. The Association also uses the level percentage-open method to amortize the unfunded actuarial liability which was revised to sixteen years level in the amortization period. It is assumed that payroll will increase at an annual inflation rate of 4.00% over the amortization period. The required contributions and related rates for the year ended June 30 were as follows:

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$13,754,798	100%	\$0
2009	13,746,154	100%	0
2010	12,745,613	100%	0

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 9 – EMPLOYEES RETIREMENT PLAN (Continued)**

The Plans' actuarial value (which differs from market value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Excess (Deficit) Assets Over AAL	Funded Ratio	Covered Payroll	Excess (Deficit) Assets Over AAI As a % of Payroll
6/30/07	\$235,756,000	\$325,219,000	(\$89,463,000)	72%	\$30,180,000	(277%)
6/30/08	262,677,000	360,298,000	(97,621,000)	73%	31,854,000	(306%)
6/30/09	239,841,000	379,801,000	(139,960,000)	63%	32,413,000	(432%)

**NOTE 10 - PUBLIC AGENCY RETIREMENT SYSTEM (DEFINED CONTRIBUTION RETIREMENT PLANS)**

The City contributes to the Public Agency Retirement System (PARS), which is defined contribution retirement plan. A defined contribution retirement plan provides retirement benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's accounts are determined instead of specifying the amount of benefits the individual is to receive. The plan is administered by Phase II located at P.O. Box 10009, Costa Mesa, California 92627.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments on those contributions, and forfeitures of other participant's benefits that may be allocated to such participant's account.

As established by the plan, all eligible non represented employees of the City will become participants in the plan from the date that they hired. An eligible employee is any employee who, at any time during which the employer maintains this plan, is not accruing a benefit under the Marin County Employees' Retirement Fund.

As determined by the plan, each employee must contribute 3.75% of gross earnings to the plan. The City contributes an additional 3.75% of the employee's gross earnings. Contributions made by an employee and the employer vest immediately.

During the year, the City and employees contributed \$60,216. The total covered payroll of employees participating in the plan for the year ended June 30, 2010, was \$1,605,760. The total payroll for the year was \$38,075,807.

Additionally, the City participates in a 401(a) tax qualified plan for eligible non-represented management/mid-management employees. This is an employer only contribution program separate from the Marin County Employees' Retirement Association. The City Manager, as Plan Administrator, annually determines the percent amount of contribution which can range from 0% to 5% of base salary of eligible employees. During the year, the City contributed \$138,629 to the plan on behalf of the eligible employees.



**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS**

The City provides certain health care benefits for retired employees and their spouses. The benefit provisions were established under the authority of the 1937 Act, Section 31450, et. Seq. of the Government Code. Substantially, all of the City’s employees may become eligible for these benefits if they are receiving a retirement benefit from the Marin County Employees’ Retirement Association within 120 days of retirement from City employment. At June 30, 2010, 296 retirees and surviving spouses received post-employment health care benefits. Those expenditures are reduced by reimbursements from the Marin County retirement Office by the annual amount set forth in the County Retirement Rules and Regulations 1937 Act as amended and in Sections 31450 et. seq. of the Government Code.

The provisions and benefits of the City’s Other Post Employment Benefit Plan, in effect at June 30, 2010, are summarized as follows:

	<b>Elected Officials, Mid-Management, &amp; Unrepresented Management</b>	<b>All other Bargaining Units</b>
<i><b>Eligibility</b></i>	Retire directly from the City: - Age 50 with 10 years services <b>OR</b> 30 years service (Miscellaneous), 20 - years service (Safety) <b>OR</b> - Disability Retirement	
<i><b>Benefit</b></i>	Hired ≤ 1/1/09 Full premium/cap Hired > 1/1/09 PEMHCA Min	Hired ≤ 1/1/10 Up to cap Hired > 1/1/10 PEMHCA Min
<i><b>Spouse Benefit</b></i>	Continuation to surviving spouse	
<i><b>Medicare Part B</b></i>	Hired < 4/1/07 Full reimbursement Hired ≥ 4/1/07 None	None
<i><b>Other</b></i>	No Dental, Vision, or Life Benefits	

**Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.50% investment rate of return and (b) 3.50% of general inflation increase, and (c) a healthcare trend of declining annual increases ranging from 9.80% in 2012 to 5.00% for years starting 2018. In addition, the fixed dollar benefit amounts are assumed to increase according to general inflation in the future and the premium related benefits are assumed to increase with the healthcare trend rate. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a maximum 30 year combined amortization period.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

**Funding Progress and Funded Status**

During the fiscal year ended June 30, 2010, the City has recorded a Net OPEB Obligation in the Post Retirement Internal Service Fund, representing the difference between the ARC and actual contributions, as presented below:

	Amounts (in thousands)
Annual required contribution (ARC)	\$4,390
Interest on net OPEB obligation	119
Adjustment to annual required contribution	1,067
Annual OPEB cost	5,576
Contributions made:	
Benefits payment	2,344
Trust prefunding	(1,000)
Total contributions	1,344
Change in net OPEB obligation/(asset)	4,232
Net OPEB Obligation (Asset) at June 30, 2009	2,033
Net OPEB Obligation (Asset) at June 30, 2010	\$6,265

In accordance with the City's budget, the City's annual contributions to the Plan are based on pay-as-you-go financing. Generally accepted accounting principles permit assets to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such assets are placed in an irrevocable trust or equivalent arrangement. Contributions a 401 (h) account held and administered by the MCERA were made by the City in prior years and were included in the June 30, 2009, actuarial study. During the fiscal year ended June 30, 2010, the City has calculated and recorded the Net OPEB Obligation, representing the difference between the ARC, and contributions, as presented below:

Fiscal Year Ended	Annual Required Contribution (ARC) (000's omitted)	Annual Pension Cost (000's omitted)	Actual Contribution (000's omitted)	Percentage of ARC Contributed	Net OPEB Obligation (000's omitted)
June 30, 2009	\$4,269	\$4,269	\$2,236	52%	\$2,033
June 30, 2010	4,390	5,576	2,344	53%	5,265

**CITY OF SAN RAFAEL  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

**NOTE 11 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)**

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2010, actuarial study is presented below:

Valuation Date	Actuarial		Unfunded Accrued Liability (000's omitted)	Funded Ratio	Covered Payroll (000's omitted)	Overfunded (Underfunded) Actuarial Liability as a Percentage of Covered Payroll
	Value of Assets (000's omitted)	Accrued Liability (000's omitted)				
1/1/2007	\$14,563	\$56,624	(\$42,061)	26%	\$38,480	-109.31%
8/17/2010	12,763	58,909	(46,146)	22%	36,470	-126.53%

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

The City participates in the jointly governed organizations discussed below through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each joint organization is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective joint organization, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this joint organization are not the City's responsibility and the City does not have an equity interest in the assets of each joint organization except upon dissolution of the joint organization.

**A. *The Marin County Integrated On-Line Library System (System)***

The Marin County Integrated On-Line Library System was formed to provide for the procurement, ownership, operation, maintenance, and governance of an integrated on-line system that is jointly owned and operated by the cities of San Rafael, Mill Valley, Sausalito, and the County of Marin. The Governing Board of the System consists of the library director or designated alternate of each participant in the System. In accordance with the cost sharing formula developed by the library directors of the participants, the City's share of the acquisition cost in the amount of \$108,007 represents 17.34% of ownership in the System. Operating costs for the System are also shared by each participant by applying the cost sharing formula. The City contributed \$118,320 to the System for operating costs for the year ended June 30, 2010. Financial statements of the System can be obtained at the County Librarian, Marin County Free Library, Civic Center, Administration Building, San Rafael, California 94903.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

***B. The Marin General Services Authority (MGSA)***

The MGSA was formed by the County of Marin and twelve local agencies to acquire street light facilities, operate the facilities during the tendency of an eminent domain action against PG&E, and the subsequent transfer of the facilities to the individual local agencies. Each of the local agency's share of contributions was based on the number of street lights to be acquired in the local agency's individual jurisdiction in relation to the total number of street lights to be acquired by the MSLAJPA. The City's contribution to MGSA was \$2,244 for the year ended June 30, 2010. Financial statements of the MGSA can be obtained at 27 Commercial Boulevard, Suite C, Novato, CA 94949.

***C. The Marin Emergency Radio Authority (MERA)***

MERA was formed on February 28, 1998, by the County of Marin and 25 local agencies within the County to plan, finance, implement, manage, own, and operate a County-wide public safety and emergency radio system. The Governing Board consists of one representative from each member. On February 1, 1999, the Authority issued the 1999 Revenue Bonds in the amount of \$26,940,000 with interest rates ranging from 4.75% to 5.01%, maturing on August 15, 2016, to finance the acquisition and installation of the system. The costs of maintenance, operation, and debt service will be divided on a pro rata share based on an agreed-upon formula established by a majority of the Governing Board. The members entered into a Project Operating Agreement on February 1, 1999. Under the Operating Agreement, members are obligated to contribute service payments to cover the Authority's operation and debt service. The City's portion of the obligation is 16.913%. The first operating service payment was in July 1999. The first debt service payment was in August 2002. The City contributed \$637,299 for the Authority's operation and debt service for the fiscal year ended June 30, 2010. The City has established a reserve in its internal service funds to pay future service payments. Financial statements of the MERA can be obtained at 3501 Civic Centre Drive, San Rafael, California 94903.

***D. The Countywide Planning Agency***

The Agency was established by the County of Marin and ten local cities to implement countywide performance standards for traffic, housing, water and sewer facilities, and environmental protection to ensure that residential and commercial growth does not exceed local water, sewer and transportation capacities. The Governing Board of the Countrywide Planning Agency consists of one member of the County Board of Supervisors and one member of the City Council of each participating city. Financial statements of the Agency can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

***E. The Marin Telecommunications Agency***

The Agency was established to regulate the rates for cable television service and equipment and to advise the participants of their license authority. The Governing Board of the Marin Telecommunications Agency consists of one member from each of the eleven participating agencies. The City's contribution to the Agency was \$94,582 for the year ended June 30, 2010. Financial statements of the Agency can be obtained at 371 Bel Marin Keys Blvd, Suite 100, Novato, CA 94949.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

***F. The Marin County Hazardous and Solid Waste Joint Powers Authority***

The Authority was established by the County, local cities, and waste franchising districts to finance, prepare and implement source reduction and recycling elements on a county-wide integrated waste management plan as required by State Assembly Bill 939. The City's contribution to the Authority was \$13,289 for the year ended June 30, 2010. Financial statements of the Authority can be obtained at 3501 Civic Center Drive, San Rafael, California 94903.

***G. Friends of San Rafael***

Friends of San Rafael is a California nonprofit Public Benefit Corporation established to help finance and accomplish the City's efforts to erect, construct and maintain public buildings, roads, monuments, plazas, parks, gardens, safety features and similar public improvement and infrastructure. Financial statements of the Corporation can be obtained at P.O. Box 151560, San Rafael, CA 94915.

**NOTE 13 - RISK MANAGEMENT**

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

***A. Risk Coverage***

**Liability Coverage**

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) which covers general liability claims up to \$40,000,000. The City also purchases commercial insurance for property damage claims with an insured amount of \$100,967,912. The City is self-insured up to a maximum of \$500,000 for each general liability claim and \$25,000 for each property damage claim. Once the self-insured retention is met CJPRMA becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2010, the City contributed \$266,630 for coverage during the current year and received a refund of \$135,513 of prior year excess contributions. Financial statements for the risk pools may be obtained from CJPRMA, 2333 San Ramon Valley Blvd., Suite 250, San Ramon, CA 95608.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 13 - RISK MANAGEMENT (Continued)**

**Workers' Compensation Coverage**

The City purchased insurance for workers' compensation through AIG Excess Workers' Compensation and Employers Liability Insurance with coverage up to statutory limits. The City is self-insured up to a minimum of \$750,000 for each worker's compensation claim.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

**B. Insurance Internal Service Funds**

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.

The City's liability for uninsured general liability claims and workers' compensation claims, including claims incurred but not reported, are reported in the City's Liability Insurance Internal Service Fund and Workers' Compensation Internal Service Fund, respectively. The liability is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

	General Liability	Workers' Compensation	Totals, as of June 30	
			2010	2009
Balance, beginning of year	\$407,361	\$3,309,610	\$3,716,971	\$4,260,129
Current year claims and changes in estimates	622,321	378,143	1,000,464	300,293
Claims paid	(511,988)	(606,860)	(1,118,848)	(843,451)
Balance, end of year	\$517,694	\$3,080,893	\$3,598,587	\$3,716,971
Current portion	\$300,000	\$1,900,000	\$2,200,000	\$2,400,000

The claims settlements have not exceeded insurance coverage for the past three years.

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation which is likely to have a material adverse effect on the financial position of the City.

In 2004, the City of San Rafael entered into a Settlement Agreement with the federal Department of Justice to bring City managed programs, activities, services and facilities into compliance with the Americans with Disabilities Act (ADA). The City has made significant progress over the past six years and is in the process of completing the few remaining projects identified in the Settlement Agreement.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 14 - COMMITMENTS AND CONTINGENCIES (Continued)**

Among those projects is the construction of 800 curb ramps throughout San Rafael. As of October 2010, the City has construction 339 ramps with plans to install the remaining ramps over the life of the Agreement, which expires in 2014.

On October 1, 2002, the Agency entered into a second amendment to Section 33401 Tax Sharing Agreement with San Rafael High School District. This agreement provides for additional payments in the amount of \$179,000 each fiscal year beginning with fiscal year 2002-03 through fiscal year 2021-22.

**NOTE 15 – SUPPLEMENTAL EDUCATION REVENUE AUGMENTATION FUND (SERAF)**

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies, based on the property taxes received in fiscal year 2006-07, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. The Agency made its first SERAF payment of \$1,371,900 in fiscal year 2009-10.

Based on the calculations in AB26 4X, the Agency's SERAF payment is estimated to be \$282,188 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The obligation to make the SERAF payment is subordinate to obligations to repay bonds. However, if the Agency fails to make the full SERAF payment, the Agency may not encumber or expend funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

**NOTE 16 – PROPOSITION 1A**

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$1,598,680 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

**CITY OF SAN RAFAEL**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2010**

**NOTE 16 – PROPOSITION 1A (Continued)**

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010, and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

**NOTE 17 – SUBSEQUENT EVENT**

**A. *Tax and Revenue Anticipation Notes***

Subsequent to June 30, 2010, the City of San Rafael issued the 2010-11 Tax and Revenue Anticipation Notes (TRANS) in the principal amount of \$6,080,000 which is due on July 28, 2011, along with unpaid interest accruing. TRANS are short-term, tax-free bonds issued for the purpose of covering potential cash-flow deficits for governmental agencies that rely heavily on property tax distributions as a source of revenue. The City is issuing the TRANS to bridge the gap between its regular flow of operating expenditures and the receipt of its semi-annual property taxes. The City does not expect any direct fiscal impact from the issuance of the TRANS because the actual size of the issuance is based on the City's anticipated cash flow needs. The TRANS is repayable from future City property tax revenues.

**B. *Taxable Pension Obligation Bonds***

On July 1, 2010, the City issued the 2010 Taxable Pension Obligation Bonds (Bonds) for \$4,490,000. Interest on the Bonds will be payable on January 1 and July 1 of each year, commencing January 1, 2011. Principal payable on the Bonds will be paid on July 1 starting July 1, 2017. The Bonds are being issued to refund a portion of the obligations of the City to the Marin County Employees' Retirement Association. Payment of the principal of and interest on the Bonds is not limited to any special source of funds and is payable from any legally available moneys of the City. The City is not empowered or obligated to levy or pledge taxes to make payments on the Bonds.



**REQUIRED SUPPLEMENTAL INFORMATION**

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**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND  
BUDGET-TO-ACTUAL STATEMENTS**

GASB Statement 34 dictates that budget-to-actual information in the basic financial statements should be limited to the General Fund and major Special Revenue Funds. This section is provided for the presentation of Budget-to-Actual Statements for the General Fund, Traffic and Housing Mitigation, and the Gas Tax Special Revenue Funds.

CITY OF SAN RAFAEL  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$43,680,980	\$40,581,058	\$39,717,752	(\$863,306)
Licenses and permits	1,274,426	1,186,174	1,515,069	328,895
Fines and forfeitures	1,552,540	1,152,540	787,411	(365,129)
Use of money and properties	166,460	163,016	155,196	(7,820)
Intergovernmental	6,894,520	7,049,170	6,736,930	(312,240)
Charges for services	1,883,872	1,874,232	1,936,405	62,173
Other revenue	127,780	127,780	197,843	70,063
	<u>55,580,578</u>	<u>52,133,970</u>	<u>51,046,606</u>	<u>(1,087,364)</u>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Current:				
General government	7,134,420	6,942,509	6,701,085	241,424
Public safety	34,174,730	32,974,029	32,218,288	755,741
Public works and parks	8,411,360	7,916,316	7,678,081	238,235
Community development/redevelopment	3,627,760	3,154,011	3,100,343	53,668
Culture and recreation	2,355,370	2,373,011	2,316,695	56,316
Capital outlay	44,850	174,006	178,887	(4,881)
Capital improvement/special projects	33,500	35,991	268,801	(232,810)
Debt service:				
Principal	230,770	230,770	230,772	(2)
	<u>56,012,760</u>	<u>53,800,643</u>	<u>52,692,952</u>	<u>1,107,691</u>
<b>Total Expenditures</b>				
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	<u>(432,182)</u>	<u>(1,666,673)</u>	<u>(1,646,346)</u>	<u>20,327</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,556,800	3,088,449	3,487,383	398,934
Transfers out	(2,369,720)	(2,266,561)	(2,652,443)	(385,882)
	<u>187,080</u>	<u>821,888</u>	<u>834,940</u>	<u>13,052</u>
<b>Total Other Financing Sources (Uses)</b>				
Net Change in Fund Balances	<u>(\$245,102)</u>	<u>(\$844,785)</u>	<u>(811,406)</u>	<u>\$33,379</u>
<b>FUND BALANCES, BEGINNING OF YEAR, AS ADJUSTED</b>			<u>7,613,201</u>	
<b>FUND BALANCES, END OF YEAR</b>			<u>\$6,801,795</u>	

CITY OF SAN RAFAEL  
 TRAFFIC AND HOUSING MITIGATION SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and properties	\$21,000	\$21,000	\$69,445	\$48,445
Charges for services			21,407	21,407
Other revenue			29,836	29,836
Total Revenues	<u>21,000</u>	<u>21,000</u>	<u>120,688</u>	<u>99,688</u>
EXPENDITURES				
Current:				
Public works and parks	65,010	64,895	65,159	(264)
Capital outlay			886,311	(886,311)
Capital improvement/special projects		46,075		46,075
Total Expenditures	<u>65,010</u>	<u>110,970</u>	<u>951,470</u>	<u>(840,500)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(44,010)</u>	<u>(89,970)</u>	<u>(830,782)</u>	<u>(740,812)</u>
Net Change in Fund Balances	<u>(\$44,010)</u>	<u>(\$89,970)</u>	(830,782)	<u>(\$740,812)</u>
FUND BALANCES, BEGINNING OF YEAR			<u>9,985,370</u>	
FUND BALANCES, END OF YEAR			<u>\$9,154,588</u>	

CITY OF SAN RAFAEL  
GAS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and properties	\$32,860	\$32,860	\$9,835	(\$23,025)
Intergovernmental	1,907,230	3,934,784	2,855,978	(1,078,806)
Charges for services	546,000	546,000	672,654	126,654
Other revenue		60,720	83,796	23,076
<b>Total Revenues</b>	<b>2,486,090</b>	<b>4,574,364</b>	<b>3,622,263</b>	<b>(952,101)</b>
<b>EXPENDITURES</b>				
Current:				
Public works and parks	20,130	28,115	18,662	9,453
Capital outlay			3,559	(3,559)
Capital improvement/special projects	1,458,730	3,123,070	1,735,342	1,387,728
<b>Total Expenditures</b>	<b>1,478,860</b>	<b>3,151,185</b>	<b>1,757,563</b>	<b>1,393,622</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,007,230</b>	<b>1,423,179</b>	<b>1,864,700</b>	<b>441,521</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(990,000)	(2,206,618)	(2,205,552)	1,066
<b>Total Other Financing Sources (Uses)</b>	<b>(990,000)</b>	<b>(2,206,618)</b>	<b>(2,205,552)</b>	<b>1,066</b>
<b>Net Change in Fund Balances</b>	<b>\$17,230</b>	<b>(\$783,439)</b>	<b>(\$340,852)</b>	<b>\$442,587</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>			<b>2,392,292</b>	
<b>FUND BALANCES, END OF YEAR</b>			<b>\$2,051,440</b>	

**SUPPLEMENTARY INFORMATION**

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CITY OF SAN RAFAEL  
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes and special assessments	\$2,398,120	\$900,000	\$953,833	\$53,833
Use of money and properties	148,240	148,240	67,161	(81,079)
Intergovernmental			746,874	746,874
Charges for services	13,580	13,580	16,177	2,597
Other revenue			67,216	67,216
Total Revenues	<u>2,559,940</u>	<u>1,061,820</u>	<u>1,851,261</u>	<u>789,441</u>
<b>EXPENDITURES</b>				
Current:				
General government	27,720	29,672	31,350	(1,678)
Public works and parks	112,450	108,761	105,922	2,839
Community development/redevelopment	3,057,720	1,556,032	1,298,251	257,781
Capital outlay				
Capital improvement/special projects	480,910	480,910	396,999	83,911
Total Expenditures	<u>3,678,800</u>	<u>2,175,375</u>	<u>1,832,522</u>	<u>342,853</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital asset			221,791	221,791
Transfers in		1,216,706	1,524,864	308,158
Transfers (out)		(291,840)		291,840
Total Other Financing Sources (Uses)		<u>924,866</u>	<u>1,746,655</u>	<u>821,789</u>
Net Assets (Accumulated Deficit), beginning of year				
OVER (UNDER) EXPENDITURES	<u>(1,118,860)</u>	<u>(188,689)</u>	<u>1,765,394</u>	<u>1,954,083</u>
Net Change in Fund Balances	<u>(\$1,118,860)</u>	<u>(\$188,689)</u>	1,765,394	<u>\$1,954,083</u>
FUND BALANCES, BEGINNING OF YEAR			<u>4,989,039</u>	
FUND BALANCES, END OF YEAR			<u>\$6,754,433</u>	

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## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**Recreation Revolving Fund** – Established to administer the Recreation Department’s program and facility rental charge and accounts for the Recreation Memorial Fund.

**Baypoint Lagoons Assessment District Fund** – The Baypoint Lagoons Lighting and Landscape District was formed to protect and enhance wildlife habitat and water quality in Baypoint (Spinnaker) Lagoon and the adjacent diked salt marsh.

**Household Hazmat Facility Fund** – Established to account for State mandated hazardous materials information, collection, and reporting. Expenditures include inspection of businesses for compliance with regulations. This fund also serves as the depository for countywide Household Hazardous Waste Program.

**Childcare Fund** – Established to administer and account for childcare programs at eleven sites throughout the City.

**Street Maintenance and Cleaning Fund** – Established to maintain the City’s streets, public properties and rights of way.

**Loch Lomond Assessment District Fund** – Established to provide maintenance for stormwater and geotechnic mitigation facilities. A Mello Roos District was formed to fund this maintenance.

**Library Fund** – Established to account for restricted library activities that are intended to be self-funding.

**Public Safety Fund** – Established for special police services, which are intended to be self-funding.

**Stormwater Fund** – Established to provide for self-funding storm drain maintenance program plus separate programs through the County and Bay Area to educate residents about urban runoff pollution.

**Development Services Fund** – Established to account for development activities that are supported by external sources of funds. This fund does not account for the operating costs of building, planning, and engineering, which are located in the General Fund.

**Grants Fund** – Established to account for grants for the Library, Childcare, Police and Falkirk Cultural Center.

**Parkland Dedication Fund** – Established to account for long-term developer deposits used to enhance and maintain the park structure within City limits.

**Emergency Medical Services Fund** – Established to account for the Emergency Medical Services and Transportation program that provides services to all segments of the community.

**Business Improvement Fund** – Established to account for activities held in Downtown San Rafael, such as the Farmers Market.

## NON-MAJOR GOVERNMENTAL FUNDS

**Sewer Maintenance Fund** – Established under the terms of the JPA to provide all necessary maintenance to the Sanitation District’s gravity collection sewer system.

### **DEBT SERVICE FUNDS**

**Peacock Gap Assessment District Fund** – Established to accumulate funds for the payment of principal and interest for the 1993 Bonds which mature in 2005. The proceeds were used to refund the 1984 Bonds, which provided for the construction of public improvements in the project area. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

**Mariposa Assessment District Fund** - Established to accumulate funds for the payment of principal and interest for the 1993 Bond, which matures in 2008. The proceeds were used to finance the grading and paving of Mariposa Road.

**1997 Financing Authority Revenue Bonds Fund** – Established to accumulate funds for the payment of principal and interest for the 1997 Revenue Bonds which matures in 2011. The proceeds were used to purchase the previously issued special assessment bonds. Financing is to be provided by property tax increments generated within the specific geographic region described by the bond assessment district.

**Redevelopment Agency Fund** – Established to account for the principal payments, interest payments, and related costs of the 1999 Project Tax Allocation Bonds, 2002 Tax Allocation Refunding Bonds, and 2009 Tax Allocation Refunding Bonds.

### **CAPITAL PROJECTS FUNDS**

**Capital Improvement Fund** – Established for the costs associated with major capital improvement projects not tied to specific funds elsewhere. Improvements could include medians, parkways, sidewalks, and other public assets.

**Bedroom Tax Fund** – Established to collect funds from multiple-unit housing used to pay for maintaining and developing parks within local neighborhoods.

**Assessment Districts Fund** – Established to account for ongoing construction and improvement needs within the following assessment districts: Peacock Gap, Kerner Boulevard, Sun Valley/Lucas Valley Open Space, East San Rafael Drainage Assessment District 1.

**Park Capital Projects Fund** – Established to account for capital improvements for all City owned parks, whether paid for by City funds, grants, donations, or partnership with the community.

**Open Space Fund** – Established for the acquisition of open space.

**Equipment Replacement Fund** - Established to provide replacement of equipment.

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
-------------------------------------

**Radio Replacement Fund** - Established to meet radio system operating costs, capital acquisition and replacement, and operating lease obligations for the Public Works, Fire, Community Development and Police Departments. The Marin Emergency Radio Authority (MERA) is a countywide JPA that has taken the roll in procurement and installation of a new digital radio system. This fund supports San Rafael's portion of the MERA efforts and related contractual obligations.

**Telephone Replacement Fund** – Established to provide ongoing support services for telephone equipment and usage throughout the City.

CITY OF SAN RAFAEL  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
<b>ASSETS</b>					
Cash and investments	\$240,792	\$129,630	\$1,360		\$1,014,068
Restricted cash and investments					
Receivables:					
Accounts	262,191		368,631	\$16,259	154,537
Taxes		381			
Grants	1,899			87,011	
Interest					
Prepays and deposits					
Due from other funds	60,226				
	<u>565,108</u>	<u>130,011</u>	<u>369,991</u>	<u>103,270</u>	<u>1,168,605</u>
Total Assets					
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$96,805		\$238,656	\$24,932	
Developer bonds payable					
Due to other funds				60,226	
Deferred revenue	244,419				
	<u>341,224</u>		<u>238,656</u>	<u>85,158</u>	
Total Liabilities					
Fund Balances:					
Reserved for:					
Prepays and deposits					
Debt service					
Unreserved, undesignated	223,884	\$130,011	131,335	18,112	\$1,168,605
	<u>223,884</u>	<u>130,011</u>	<u>131,335</u>	<u>18,112</u>	<u>1,168,605</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$565,108</u>	<u>\$130,011</u>	<u>\$369,991</u>	<u>\$103,270</u>	<u>\$1,168,605</u>

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$880,125	\$60,316	\$189,333	\$1,038,482	\$729,135	\$359,816	\$1,224,906
224	67,373	20,000	11,709		7,500	20
					307,277	
<u>\$880,349</u>	<u>\$127,689</u>	<u>\$209,333</u>	<u>\$1,050,191</u>	<u>\$729,135</u>	<u>\$674,593</u>	<u>\$1,224,926</u>
	\$11,459	\$336	\$71,676	\$31,020 1,500	\$36,936	\$6,116
	<u>11,459</u>	<u>336</u>	<u>71,676</u>	<u>32,520</u>	<u>36,936</u>	<u>6,116</u>
<u>\$880,349</u>	<u>116,230</u>	<u>208,997</u>	<u>978,515</u>	<u>696,615</u>	<u>637,657</u>	<u>1,218,810</u>
<u>880,349</u>	<u>116,230</u>	<u>208,997</u>	<u>978,515</u>	<u>696,615</u>	<u>637,657</u>	<u>1,218,810</u>
<u>\$880,349</u>	<u>\$127,689</u>	<u>\$209,333</u>	<u>\$1,050,191</u>	<u>\$729,135</u>	<u>\$674,593</u>	<u>\$1,224,926</u>

(Continued)

CITY OF SAN RAFAEL  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	Emergency Medical Services	Business Improvement	Sewer Maintenance	Peacock Gap Assessment District	Mariposa Assessment District
<b>ASSETS</b>					
Cash and investments	\$247,484	\$5,154		\$2,875	\$16,382
Restricted cash and investments					
Receivables:					
Accounts	149,050		\$519,323		
Taxes	52,346				
Grants					
Interest					
Prepays and deposits	1,985				
Total Assets	<u>\$450,865</u>	<u>\$5,154</u>	<u>\$519,323</u>	<u>\$2,875</u>	<u>\$16,382</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$49,958		\$169,526		
Developer bonds payable					
Due to other funds			307,723		
Deferred revenue					
Total Liabilities	<u>49,958</u>		<u>477,249</u>		
Fund Balances:					
Reserved for:					
Prepays and deposits	1,985				
Debt service				\$2,875	\$16,382
Unreserved, undesignated	398,922	\$5,154	42,074		
Total Fund Balances	<u>400,907</u>	<u>5,154</u>	<u>42,074</u>	<u>2,875</u>	<u>16,382</u>
Total Liabilities and Fund Balances	<u>\$450,865</u>	<u>\$5,154</u>	<u>\$519,323</u>	<u>\$2,875</u>	<u>\$16,382</u>



DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS			
1997 Financing Authority Revenue Bonds	Redevelopment Agency Debt Service	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space
\$146,168	\$34,085 10,590	\$150,326	\$32,821	\$223,741	\$22,453	\$141,009
	33	373,680				
<u>\$146,168</u>	<u>\$44,708</u>	<u>\$524,006</u>	<u>\$32,821</u>	<u>\$223,741</u>	<u>\$22,453</u>	<u>\$141,009</u>
		\$149,263				
		149,263				
\$146,168	\$44,708	374,743	\$32,821	\$223,741	\$22,453	\$141,009
146,168	44,708	374,743	32,821	223,741	22,453	141,009
<u>\$146,168</u>	<u>\$44,708</u>	<u>\$524,006</u>	<u>\$32,821</u>	<u>\$223,741</u>	<u>\$22,453</u>	<u>\$141,009</u>

(Continued)

CITY OF SAN RAFAEL  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2010

	CAPITAL PROJECT FUNDS			Total Non-Major Governmental Funds
	Equipment Replacement	Radio Replacement	Telephone Replacement	
<b>ASSETS</b>				
Cash and investments	\$2,331,424	\$444,024		\$9,665,909
Restricted cash and investments			\$107,342	117,932
Receivables:				
Accounts				1,497,511
Taxes				64,660
Grants				837,240
Interest				33
Prepays and deposits				1,985
				60,226
Total Assets	\$2,331,424	\$444,024	\$107,342	\$12,245,496
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$30,085		\$16,944	\$933,712
Developer bonds payable				1,500
Due to other funds				367,949
Deferred revenue				244,419
Total Liabilities	30,085		16,944	1,547,580
Fund Balances:				
Reserved for:				
Prepays and deposits				1,985
Debt service				210,133
Unreserved, undesignated	2,301,339	\$444,024	90,398	10,485,798
Total Fund Balances	2,301,339	444,024	90,398	10,697,916
Total Liabilities and Fund Balances	\$2,331,424	\$444,024	\$107,342	\$12,245,496

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CITY OF SAN RAFAEL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Recreation Revolving	Baypoint Lagoons Assessment District	Household Hazmat Facility	Childcare	Street Maintenance and Cleaning
<b>REVENUES</b>					
Taxes and special assessments		\$25,368			
License and permits					
Use of money and properties	\$375	885	\$422	\$88	\$5,039
Intergovernmental	20,000		5,282	315,376	536,160
Charges for services	2,150,833		1,522,754	3,024,885	
Other revenue	64,628			2,800	1,139
<b>Total Revenues</b>	<b>2,235,836</b>	<b>26,253</b>	<b>1,528,458</b>	<b>3,343,149</b>	<b>542,338</b>
<b>EXPENDITURES</b>					
Current:					
General government					
Public safety			1,486,626		
Public works and parks		5,079	7		100,835
Culture and recreation	3,510,563			3,388,120	
Capital outlay					
Capital improvement/special projects	72,178		2,204		
Debt service:					
Principal					
Interest and fiscal charges					
<b>Total Expenditures</b>	<b>3,582,741</b>	<b>5,079</b>	<b>1,488,837</b>	<b>3,388,120</b>	<b>100,835</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,346,905)</b>	<b>21,174</b>	<b>39,621</b>	<b>(44,971)</b>	<b>441,503</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond issuance					
Payment to refunded bonds					
Bond premiums					
Transfers in	1,538,350				68,790
Transfers out					
<b>Total Other Financing Sources (Uses)</b>	<b>1,538,350</b>				<b>68,790</b>
<b>Net Change in Fund Balances</b>	<b>191,445</b>	<b>21,174</b>	<b>39,621</b>	<b>(44,971)</b>	<b>510,293</b>
Fund Balance, Beginning	32,439	108,837	91,714	63,083	658,312
<b>Fund Balance, Ending</b>	<b>\$223,884</b>	<b>\$130,011</b>	<b>\$131,335</b>	<b>\$18,112</b>	<b>\$1,168,605</b>

SPECIAL REVENUE FUNDS

Loch Lomond Assessment District	Library	Public Safety	Stormwater	Development Services	Grants	Parkland Dedication
\$14,958						\$540
6,593	\$40,577	\$1,358	\$3,750 6,701	\$31,739	\$3,320	9,394
	206,487	77,503			930,540	
	5,640	5,630	792,009	25,215		
	3,605	6,290		125,171	18,073	220
21,551	256,309	90,781	802,460	182,125	951,933	10,154
55		139,714			100,000	
	98,654		971,816	10,799	291,652	
			166,708		50,157	28,541
	241,333	6,133		102,753	536,694	
55	339,987	145,847	1,138,524	113,552	978,503	28,541
21,496	(83,678)	(55,066)	(336,064)	68,573	(26,570)	(18,387)
		65,000	625,330		109,450 (342,647)	
		65,000	625,330		(233,197)	
21,496	(83,678)	9,934	289,266	68,573	(259,767)	(18,387)
858,853	199,908	199,063	689,249	628,042	897,424	1,237,197
\$880,349	\$116,230	\$208,997	\$978,515	\$696,615	\$637,657	\$1,218,810

(Continued)

CITY OF SAN RAFAEL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS	
	Emergency Medical Services	Business Improvement	Sewer Maintenance	Peacock Gap Assessment District	Mariposa Assessment District
REVENUES					
Taxes and special assessments	\$3,489,494				
License and permits					
Use of money and properties	2,788	\$25			\$123
Intergovernmental		13,000			
Charges for services	2,187,789		\$1,908,257		
Other revenue		15,580			
Total Revenues	<u>5,680,071</u>	<u>28,605</u>	<u>1,908,257</u>		<u>123</u>
EXPENDITURES					
Current:					
General government	8,648	28,362			
Public safety	5,629,463				
Public works and parks			1,718,656		
Culture and recreation					
Capital outlay					
Capital improvement/special projects					
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	<u>5,638,111</u>	<u>28,362</u>	<u>1,718,656</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>41,960</u>	<u>243</u>	<u>189,601</u>		<u>123</u>
OTHER FINANCING SOURCES (USES)					
Bond issuance					
Payment to refunded bonds					
Bond premiums					
Transfers in					
Transfers out	(190,000)		(189,600)		
Total Other Financing Sources (Uses)	<u>(190,000)</u>		<u>(189,600)</u>		
Net Change in Fund Balances	(148,040)	243	1		123
Fund Balance, Beginning	548,947	4,911	42,073	\$2,875	16,259
Fund Balance, Ending	<u>\$400,907</u>	<u>\$5,154</u>	<u>\$42,074</u>	<u>\$2,875</u>	<u>\$16,382</u>

CAPITAL PROJECT FUNDS

1997 Financing Authority Revenue Bonds	Redevelopment Agency Debt Service	Capital Improvement	Bedroom Tax	Assessment Districts	Park Capital Projects	Open Space
	\$3,474,428		\$2,168			
\$1,170	129	\$2,497 557,573	242		\$164	\$1,072
					7,229	
1,170	3,474,557	560,070	2,410		7,393	1,072
		576,396 70,531				3,640
455,000 6,683	2,055,000 1,964,852					
461,683	4,019,852	646,927				3,640
(460,513)	(545,295)	(86,857)	2,410		7,393	(2,568)
	14,660,000 (14,315,000) 1,038,185					
(1,900)	(829,008)	75,393				
(1,900)	554,177	75,393				
(462,413)	8,882	(11,464)	2,410		7,393	(2,568)
608,581	35,826	386,207	30,411	\$223,741	15,060	143,577
\$146,168	\$44,708	\$374,743	\$32,821	\$223,741	\$22,453	\$141,009

(Continued)

CITY OF SAN RAFAEL  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2010

	<u>CAPITAL PROJECT FUNDS</u>			Total Non-Major Governmental Funds
	Equipment Replacement	Radio Replacement	Telephone Replacement	
<b>REVENUES</b>				
Taxes and special assessments				\$7,006,956
License and permits				3,750
Use of money and properties	\$16,318	\$1,187	\$31	132,237
Intergovernmental				2,661,921
Charges for services	490,990	648,660	378,020	13,140,682
Other revenue	93,334			338,069
	<u>600,642</u>	<u>649,847</u>	<u>378,051</u>	<u>23,283,615</u>
<b>EXPENDITURES</b>				
Current:				
General government	307,908	637,299	282,415	1,264,632
Public safety				7,355,803
Public works and parks	56,598			2,863,845
Culture and recreation				7,288,989
Capital outlay				821,802
Capital improvement/special projects				1,035,466
Debt service:				
Principal			63,486	2,573,486
Interest and fiscal charges			7,837	1,979,372
	<u>364,506</u>	<u>637,299</u>	<u>353,738</u>	<u>25,183,395</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>236,136</u>	<u>12,548</u>	<u>24,313</u>	<u>(1,899,780)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bond issuance				14,660,000
Payment to refunded bonds				(14,315,000)
Bond premiums				1,038,185
Transfers in				2,482,313
Transfers out				(1,553,155)
				<u>2,312,343</u>
<b>Total Other Financing Sources (Uses)</b>				<u>2,312,343</u>
Net Change in Fund Balances	236,136	12,548	24,313	412,563
Fund Balance, Beginning	2,065,203	431,476	66,085	10,285,353
Fund Balance, Ending	<u>\$2,301,339</u>	<u>\$444,024</u>	<u>\$90,398</u>	<u>\$10,697,916</u>



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CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Recreation Revolving			Baypoint Lagoons Assessment District		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$25,000	\$25,368	\$368
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$5,000	\$375	(\$4,625)	800	885	85
Intergovernmental	20,000	20,000				
Charges for services	2,141,160	2,150,833	9,673			
Other revenue	36,050	64,628	28,578			
<b>Total Revenues</b>	<b>2,202,210</b>	<b>2,235,836</b>	<b>33,626</b>	<b>25,800</b>	<b>26,253</b>	<b>453</b>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks					5,079	(5,079)
Culture and recreation	3,314,299	3,510,563	(196,264)			
Capital outlay	2,480		2,480			
Capital improvement/special projects	31,200	72,178	(40,978)			
Debt service:						
Principal						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>3,347,979</b>	<b>3,582,741</b>	<b>(234,762)</b>		<b>5,079</b>	<b>(5,079)</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,145,769)	(1,346,905)	(201,136)	25,800	21,174	(4,626)
OTHER FINANCING SOURCES (USES)						
Bond issuance						
Payment to refunded bonds						
Bond premiums						
Transfers in	1,338,350	1,538,350	200,000			
Transfers out						
<b>Total Other Financing Sources (Uses)</b>	<b>1,338,350</b>	<b>1,538,350</b>	<b>200,000</b>			
FUND BALANCES, BEGINNING OF YEAR AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	\$192,581	191,445	(\$1,136)	\$25,800	21,174	(\$4,626)
FUND BALANCES, BEGINNING OF YEAR		32,439			108,837	
FUND BALANCES, END OF YEAR		\$223,884			\$130,011	

SPECIAL REVENUE FUNDS

Household Hazmat Facility			Childcare			Street Maintenance and Cleaning		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$1,550	\$422	(\$1,128)		\$88	\$88	\$21,090	\$5,039	(\$16,051)
7,330	5,282	(2,048)	\$316,475	315,376	(1,099)	520,830	536,160	15,330
1,385,780	1,522,754	136,974	3,175,190	3,024,885	(150,305)			
300		(300)		2,800	2,800	2,580	1,139	(1,441)
1,394,960	1,528,458	133,498	3,491,665	3,343,149	(148,516)	544,500	542,338	(2,162)
1,329,744	1,486,626	(156,882)						
	7	(7)				55,911	100,835	(44,924)
			3,469,730	3,388,120	81,610			
			11,890		11,890			
3,200	2,204	996						
1,332,944	1,488,837	(155,893)	3,481,620	3,388,120	93,500	55,911	100,835	(44,924)
62,016	39,621	(22,395)	10,045	(44,971)	(55,016)	488,589	441,503	(47,086)
			41,000		(41,000)	68,790	68,790	
			(41,000)		41,000			
						68,790	68,790	
\$62,016	39,621	(\$22,395)	\$10,045	(44,971)	(\$55,016)	\$557,379	510,293	(\$47,086)
	91,714			63,083			658,312	
	\$131,335			\$18,112			\$1,168,605	

(Continued)

CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Loch Lomond Assessment District			Library		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments	\$14,800	\$14,958	\$158			
Licenses and permits						
Fines and forfeitures						
Use of money and properties	20,000	6,593	(13,407)	\$40,400	\$40,577	\$177
Intergovernmental				338,036	206,487	(131,549)
Charges for services				4,000	5,640	1,640
Other revenue				34,000	3,605	(30,395)
Total Revenues	<u>34,800</u>	<u>21,551</u>	<u>(13,249)</u>	<u>416,436</u>	<u>256,309</u>	<u>(160,127)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks		55	(55)			
Culture and recreation				156,975	98,654	58,321
Capital outlay						
Capital improvement/special projects				219,610	241,333	(21,723)
Debt service						
Principle						
Interest and fiscal charges						
Total Expenditures		<u>55</u>	<u>(55)</u>	<u>376,585</u>	<u>339,987</u>	<u>36,598</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>34,800</u>	<u>21,496</u>	<u>(13,304)</u>	<u>39,851</u>	<u>(83,678)</u>	<u>(123,529)</u>
OTHER FINANCING SOURCES (USES)						
Bond issuance						
Payment to refunded bonds						
Bond premiums						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$34,800</u>	<u>21,496</u>	<u>(\$13,304)</u>	<u>\$39,851</u>	<u>(83,678)</u>	<u>(\$123,529)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>858,853</u>			<u>199,908</u>	
FUND BALANCES, END OF YEAR		<u>\$880,349</u>			<u>\$116,230</u>	

SPECIAL REVENUE FUNDS

Public Safety			Stormwater			Development Services		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
			\$5,000	\$3,750	(\$1,250)			
			2,260		(2,260)			
\$1,220	\$1,358	\$138	10,950	6,701	(4,249)	\$34,750	\$31,739	(\$3,011)
65,350	77,503	12,153						
3,000	5,630	2,630	793,000	792,009	(991)		25,215	25,215
500	6,290	5,790					125,171	125,171
<u>70,070</u>	<u>90,781</u>	<u>20,711</u>	<u>811,210</u>	<u>802,460</u>	<u>(8,750)</u>	<u>34,750</u>	<u>182,125</u>	<u>147,375</u>
145,902	139,714	6,188						
			1,238,439	971,816	266,623		10,799	(10,799)
			324,740	166,708	158,032			
1,000	6,133	(5,133)					102,753	(102,753)
<u>146,902</u>	<u>145,847</u>	<u>1,055</u>	<u>1,563,179</u>	<u>1,138,524</u>	<u>424,655</u>		<u>113,552</u>	<u>(113,552)</u>
<u>(76,832)</u>	<u>(55,066)</u>	<u>21,766</u>	<u>(751,969)</u>	<u>(336,064)</u>	<u>415,905</u>	<u>34,750</u>	<u>68,573</u>	<u>\$33,823</u>
65,000	65,000		625,330	625,330				
<u>65,000</u>	<u>65,000</u>		<u>625,330</u>	<u>625,330</u>				
<u>(\$11,832)</u>	9,934	<u>\$21,766</u>	<u>(\$126,639)</u>	289,266	<u>\$415,905</u>	<u>\$34,750</u>	68,573	<u>\$33,823</u>
	199,063			689,249			628,042	
	<u>\$208,997</u>			<u>\$978,515</u>			<u>\$696,615</u>	

(Continued)

CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Grants			Parkland Dedication		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and special assessments					\$540	\$540
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$26,850	\$3,320	(\$23,530)		9,394	9,394
Intergovernmental	1,752,421	930,540	(821,881)			
Charges for services						
Other revenue	139,410	18,073	(121,337)		220	220
<b>Total Revenues</b>	<b>1,918,681</b>	<b>951,933</b>	<b>(966,748)</b>		<b>10,154</b>	<b>10,154</b>
<b>EXPENDITURES</b>						
Current:						
General government						
Public safety	111,630	100,000	11,630			
Public works and parks						
Culture and recreation	396,882	291,652	105,230			
Capital outlay	51,565	50,157	1,408	\$110,000	28,541	81,459
Capital improvement/special projects	1,592,627	536,694	1,055,933			
Debt service:						
Principle						
Interest and fiscal charges						
<b>Total Expenditures</b>	<b>2,152,704</b>	<b>978,503</b>	<b>1,174,201</b>	<b>110,000</b>	<b>28,541</b>	<b>81,459</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(234,023)</b>	<b>(26,570)</b>	<b>207,453</b>	<b>(110,000)</b>	<b>(18,387)</b>	<b>91,613</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond issuance						
Payment to refunded bonds						
Bond premiums						
Transfers in	109,450	109,450				
Transfers out	(342,649)	(342,647)	2			
<b>Total Other Financing Sources (Uses)</b>	<b>(233,199)</b>	<b>(233,197)</b>	<b>2</b>			
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES</b>	<b>(\$467,222)</b>	<b>(259,767)</b>	<b>\$207,455</b>	<b>(\$110,000)</b>	<b>(18,387)</b>	<b>\$91,613</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>		<b>897,424</b>			<b>1,237,197</b>	
<b>FUND BALANCES, END OF YEAR</b>		<b>\$637,657</b>			<b>\$1,218,810</b>	

SPECIAL REVENUE FUNDS

Emergency Medical Services			Business Improvement			Sewer Maintenance		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$3,491,000	\$3,489,494	(\$1,506)						
	2,788	2,788	\$560	\$25	(\$535)	\$2,050		(\$2,050)
2,300,000	2,187,789	(112,211)	16,510	13,000	(3,510)	2,085,790	\$1,908,257	(177,533)
			22,520	15,580	(6,940)			
5,791,000	5,680,071	(110,929)	39,590	28,605	(10,985)	2,087,840	1,908,257	(179,583)
17,680	8,648	9,032	39,580	28,362	11,218			
5,382,664	5,629,463	(246,799)				1,885,066	1,718,656	166,410
1,000		1,000						
5,401,344	5,638,111	(236,767)	39,580	28,362	11,218	1,885,066	1,718,656	166,410
389,656	41,960	(347,696)	10	243	233	202,774	189,601	(13,173)
(190,000)	(190,000)					(189,600)	(189,600)	
(190,000)	(190,000)					(189,600)	(189,600)	
<u>\$199,656</u>	(148,040)	<u>(\$347,696)</u>	<u>\$10</u>	243	<u>\$233</u>	<u>\$13,174</u>	1	<u>(\$13,173)</u>
	548,947			4,911			42,073	
	<u>\$400,907</u>			<u>\$5,154</u>			<u>\$42,074</u>	

(Continued)

CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	DEBT SERVICE FUND					
	Mariposa Assessment District			1997 Financing Authority Revenue Bonds		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes and special assessments				\$220,330		(\$220,330)
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$1,080	\$123	(\$957)	2,620	\$1,170	(1,450)
Intergovernmental						
Charges for services						
Other revenue						
Total Revenues	<u>1,080</u>	<u>123</u>	<u>(957)</u>	<u>222,950</u>	<u>1,170</u>	<u>(221,780)</u>
EXPENDITURES						
Current:						
General government						
Public safety						
Public works and parks						
Culture and recreation						
Capital outlay						
Capital improvement/special projects						
Debt service:						
Principle				181,000	455,000	(274,000)
Interest and fiscal charges				34,850	6,683	28,167
Total Expenditures				<u>215,850</u>	<u>461,683</u>	<u>(245,833)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,080</u>	<u>123</u>	<u>(957)</u>	<u>7,100</u>	<u>(460,513)</u>	<u>(\$467,613)</u>
OTHER FINANCING SOURCES (USES)						
Bond issuance						
Payment to refunded bonds						
Bond premiums						
Transfers in						
Transfers out				(1,900)	(1,900)	
Total Other Financing Sources (Uses)				<u>(1,900)</u>	<u>(1,900)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES	<u>\$1,080</u>	<u>123</u>	<u>(\$957)</u>	<u>\$5,200</u>	<u>(462,413)</u>	<u>(\$467,613)</u>
FUND BALANCES, BEGINNING OF YEAR		<u>16,259</u>			<u>608,581</u>	
FUND BALANCES, END OF YEAR		<u>\$16,382</u>			<u>\$146,168</u>	



CAPITAL PROJECT FUND

Redevelopment Agency Debt Service			Capital Improvement			Open Space		
Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
\$3,474,440	\$3,474,428	(\$12)						
	129	129	\$575,400	\$2,497 557,573	\$2,497 (17,827)	\$5,470	\$1,072	(\$4,398)
<u>3,474,440</u>	<u>3,474,557</u>	<u>117</u>	<u>\$575,400</u>	<u>560,070</u>	<u>(15,330)</u>	<u>5,470</u>	<u>1,072</u>	<u>(4,398)</u>
			575,400	576,396	(996)			
			71,074	70,531	543	12,960	3,640	9,320
2,055,000	2,055,000							
1,973,630	1,964,852	8,778						
<u>4,028,630</u>	<u>4,019,852</u>	<u>8,778</u>	<u>646,474</u>	<u>646,927</u>	<u>(453)</u>	<u>12,960</u>	<u>3,640</u>	<u>9,320</u>
(554,190)	(545,295)	\$8,895	(71,074)	(86,857)	(15,783)	(7,490)	(2,568)	4,922
14,660,015	14,660,000	(15)						
(14,315,000)	(14,315,000)							
1,038,185	1,038,185							
3		(3)	20,393	75,393	55,000			
(829,013)	(829,008)	5						
<u>554,190</u>	<u>554,177</u>	<u>(13)</u>	<u>20,393</u>	<u>75,393</u>	<u>55,000</u>			
	8,882	\$8,882	(\$50,681)	(11,464)	\$39,217	(\$7,490)	(2,568)	\$4,922
	35,826			386,207			143,577	
	<u>\$44,708</u>			<u>\$374,743</u>			<u>\$141,009</u>	

(Continued)

CITY OF SAN RAFAEL  
 BUDGETED NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010

	CAPITAL PROJECT FUND					
	Equipment Replacement			Radio Replacement		
	Final Budget	Actual	Variance Positive (Negative)	Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>						
Taxes and special assessments						
Licenses and permits						
Fines and forfeitures						
Use of money and properties	\$42,000	\$16,318	(\$25,682)	\$32,860	\$1,187	(\$31,673)
Intergovernmental						
Charges for services	490,990	490,990		648,660	648,660	
Other revenue	46,950	93,334	46,384			
<b>Total Revenues</b>	<u>579,940</u>	<u>600,642</u>	<u>20,702</u>	<u>681,520</u>	<u>649,847</u>	<u>(31,673)</u>
<b>EXPENDITURES</b>						
Current:						
General government	434,277	307,908	126,369	661,970	637,299	24,671
Public safety	65,000		65,000			
Public works and parks	414,040	56,598	357,442			
Culture and recreation						
Capital outlay						
Capital improvement/special projects						
Debt service:						
Principle						
Interest and fiscal charges						
<b>Total Expenditures</b>	<u>913,317</u>	<u>364,506</u>	<u>548,811</u>	<u>661,970</u>	<u>637,299</u>	<u>24,671</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(333,377)</u>	<u>236,136</u>	<u>569,513</u>	<u>19,550</u>	<u>12,548</u>	<u>(7,002)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Bond issuance						
Payment to refunded bonds						
Bond premiums						
Transfers in						
Transfers out						
<b>Total Other Financing Sources (Uses)</b>						
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES AND USES OVER (UNDER) EXPENDITURES</b>	<u><u>(\$333,377)</u></u>	<u>236,136</u>	<u><u>\$569,513</u></u>	<u><u>\$19,550</u></u>	<u>12,548</u>	<u><u>(\$7,002)</u></u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>		<u>2,065,203</u>			<u>431,476</u>	
<b>FUND BALANCES, END OF YEAR</b>		<u><u>\$2,301,339</u></u>			<u><u>\$444,024</u></u>	

CAPITAL PROJECT FUND

Telephone Replacement

Final Budget	Actual	Variance Positive (Negative)
\$300	\$31	(\$269)
378,020	378,020	
378,320	378,051	(269)
280,355	282,415	(2,060)
63,490	63,486	4
7,840	7,837	3
351,685	353,738	(2,053)
26,635	24,313	(2,322)
\$26,635	24,313	(\$2,322)
	66,085	
	\$90,398	

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## INTERNAL SERVICE FUNDS

Internal service funds account for department services and financing performed for other departments within the same governmental jurisdiction. Funding comes from charges assessed to the departments benefiting from the service.

**Building Maintenance Fund** - Established to account for construction projects and cyclical large dollar maintenance tasks (roof, painting) completed on City owned buildings.

**Employee Benefits Fund** - This fund is utilized for the payment of retiree benefits, unemployment insurance, accumulated leave requirements and other negotiated benefits not tied to a specific department.

**Liability Insurance Fund** - Established to maintain sufficient reserves for outstanding claims. All costs associated with liability premiums are paid from this fund.

**Workers' Compensation Fund** - Established to maintain sufficient reserves for injury claims. All costs associated with workers compensation, including safety training, wellness programs, claim expenses and insurance premiums are paid from this fund.

**Dental Insurance Fund** - Set up to maintain sufficient reserves for dental claims. All costs associated with dental claims and administrations are paid from this fund.

**Print Shop and Mail Fund** – Set up to maintain sufficient reserves for printing and mail payment. All costs associated with printing and mail expenses are paid from this fund.

CITY OF SAN RAFAEL  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2010

	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
ASSETS				
Current Assets:				
Cash and investments	\$276,759			\$371,656
Accounts receivable		\$1,053,683		
Due from other funds			\$827,090	18,594
Prepays and deposits				125,241
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	276,759	1,053,683	827,090	515,491
	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES				
Current Liabilities:				
Accounts payable		2,822	63	20,430
Due to other funds		845,684		
Claims payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities		848,506	63	20,430
	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS:				
Unrestricted	276,759	205,177	827,027	495,061
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>\$276,759</u>	<u>\$205,177</u>	<u>\$827,027</u>	<u>\$495,061</u>

<u>Dental Insurance</u>	<u>Print Shop and Mail</u>	<u>Total</u>
\$67,266	\$2,525	\$718,206
		1,053,683
		845,684
		125,241
<u>67,266</u>	<u>2,525</u>	<u>2,742,814</u>
3,816	2,525	29,656
		845,684
<u>3,816</u>	<u>2,525</u>	<u>875,340</u>
<u>63,450</u>		<u>1,867,474</u>
<u>\$63,450</u>		<u>\$1,867,474</u>

CITY OF SAN RAFAEL  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
OPERATING REVENUES				
Charges for current services	\$110,690	\$1,262,677	\$1,570,630	\$1,888,327
Other operating revenues		1,680,391	135,513	7,750
Total Operating Revenues	<u>110,690</u>	<u>2,943,068</u>	<u>1,706,143</u>	<u>1,896,077</u>
OPERATING EXPENSES				
Insurance premiums and claims		2,472,579	1,009,422	1,089,872
Maintenance and repairs	53,176			
General and administrative		785,576		
Total Operating Expenses	<u>53,176</u>	<u>3,258,155</u>	<u>1,009,422</u>	<u>1,089,872</u>
Operating Income (Loss)	<u>57,514</u>	<u>(315,087)</u>	<u>696,721</u>	<u>806,205</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	2,016		8,404	24,367
Total Nonoperating Revenues (Expenses)	<u>2,016</u>		<u>8,404</u>	<u>24,367</u>
Net income (loss) before transfers	<u>59,530</u>	<u>(315,087)</u>	<u>705,125</u>	<u>830,572</u>
Transfers in	144,000	330,000		
Transfers out	<u>(55,000)</u>		<u>(400,000)</u>	<u>(700,000)</u>
Change in Net Assets	148,530	14,913	305,125	130,572
NET ASSETS, BEGINNING OF YEAR	<u>128,229</u>	<u>190,264</u>	<u>521,902</u>	<u>364,489</u>
NET ASSETS, END OF YEAR	<u>\$276,759</u>	<u>\$205,177</u>	<u>\$827,027</u>	<u>\$495,061</u>



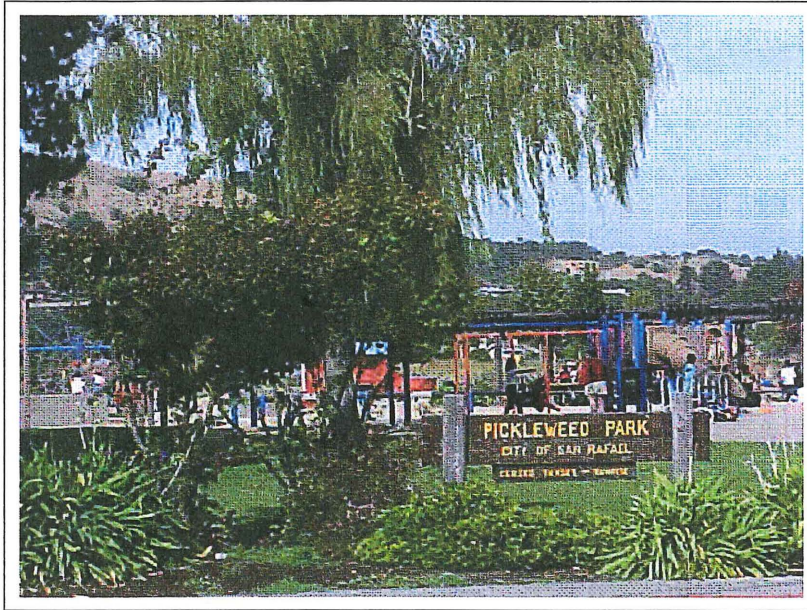
<u>Dental Insurance</u>	<u>Print Shop and Mail</u>	<u>Total</u>
\$508,313	\$148,649	\$5,489,286
8,533		1,832,187
<u>516,846</u>	<u>148,649</u>	<u>7,321,473</u>
457,139	132,140	5,161,152
	29,651	82,827
	48,083	833,659
<u>457,139</u>	<u>209,874</u>	<u>6,077,638</u>
<u>59,707</u>	<u>(61,225)</u>	<u>1,243,835</u>
<u>533</u>		<u>35,320</u>
<u>533</u>		<u>35,320</u>
<u>60,240</u>	<u>(61,225)</u>	<u>1,279,155</u>
	55,890	529,890
		(1,155,000)
60,240	(5,335)	654,045
<u>3,210</u>	<u>5,335</u>	<u>1,213,429</u>
<u>\$63,450</u>		<u>\$1,867,474</u>

CITY OF SAN RAFAEL  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Building Maintenance</u>	<u>Employee Benefits</u>	<u>Liability Insurance</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers/other funds	\$110,690	\$1,256,173	\$1,570,630	\$1,888,327
Cash payments to suppliers for goods and services	(73,291)	(3,256,670)	(1,415,698)	(4,506,586)
Other operating revenues		1,680,391	135,513	7,750
	<u>37,399</u>	<u>(320,106)</u>	<u>290,445</u>	<u>(2,610,509)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund receipts (payments)	89,000	320,106	(1,227,090)	136,984
	<u>89,000</u>	<u>320,106</u>	<u>(1,227,090)</u>	<u>136,984</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment received	2,016		8,404	24,367
	<u>2,016</u>		<u>8,404</u>	<u>24,367</u>
Net increase (decrease) in cash and cash equivalents	128,415		(928,241)	(2,449,158)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>148,344</u>		<u>928,241</u>	<u>2,820,814</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$276,759</u>		<u>\$290,445</u>	<u>\$371,656</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>				
Operating income (loss)	\$57,514	(\$315,087)	\$696,721	\$806,205
<b>Net change in assets and liabilities:</b>				
Accounts receivable		(6,504)		
Prepays and deposits			1,729	(121,783)
Accounts payable	(20,115)	1,485	(644)	14,679
Claims payable			(407,361)	(3,309,610)
	<u>\$37,399</u>	<u>(\$320,106)</u>	<u>\$290,445</u>	<u>(\$2,610,509)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$37,399</u>	<u>(\$320,106)</u>	<u>\$290,445</u>	<u>(\$2,610,509)</u>

<u>Dental Insurance</u>	<u>Print Shop and Mail</u>	<u>Total</u>
\$508,313	\$148,649	\$5,482,782
(457,473)	(216,991)	(9,926,709)
8,533		1,832,187
<u>59,373</u>	<u>(68,342)</u>	<u>(2,611,740)</u>
	55,890	(625,110)
	55,890	(625,110)
533		35,320
533		35,320
59,906	(12,452)	(3,201,530)
7,360	14,977	3,919,736
<u>\$67,266</u>	<u>\$2,525</u>	<u>\$718,206</u>
\$59,707	(\$61,225)	\$1,243,835
		(6,504)
		(120,054)
(334)	(7,117)	(12,046)
		<u>(3,716,971)</u>
<u>\$59,373</u>	<u>(\$68,342)</u>	<u>(\$2,611,740)</u>

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# STATISTICAL SECTION

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## STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

### ***Financial Trends***

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

### ***Revenue Capacity***

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

### ***Debt Capacity***

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Revenue Bond Coverage Parking Facility
5. Redevelopment Pledged Revenue Coverage

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

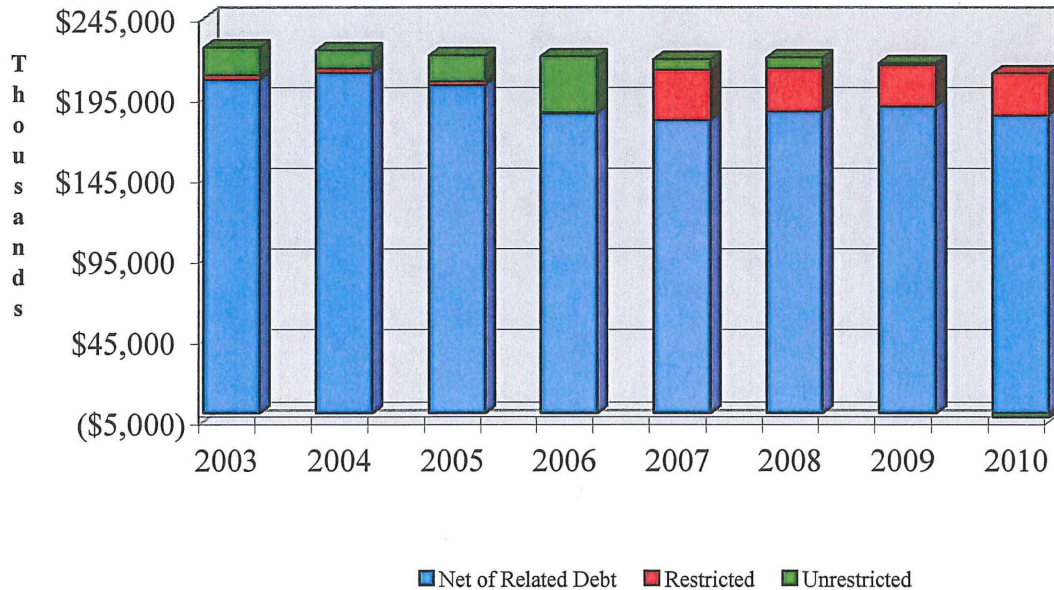
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting governmentwide information include information beginning in that year.

**CITY OF SAN RAFAEL**  
**NET ASSETS BY COMPONENT**  
**Last Eight Fiscal Years**  
**(accrual basis of accounting)**



	As of June 30		
	2003	2004	2005
<b><i>Governmental activities</i></b>			
Invested in capital assets, net of related debt	\$198,031,181	\$202,215,793	\$194,658,126
Restricted	2,933,294	2,708,397	2,378,641
Unrestricted	16,216,230	9,775,565	14,167,627
<b>Total governmental activities net assets</b>	<b>\$217,180,705</b>	<b>\$214,699,755</b>	<b>\$211,204,394</b>
<b><i>Business-type activities</i></b>			
Invested in capital assets, net of related debt	\$8,464,417	\$8,749,750	\$8,615,483
Unrestricted	1,078,245	1,447,467	1,900,504
<b>Total business-type activities net assets</b>	<b>\$9,542,662</b>	<b>\$10,197,217</b>	<b>\$10,515,987</b>
<b><i>Primary government</i></b>			
Invested in capital assets, net of related debt	\$206,495,598	\$210,965,543	\$203,273,609
Restricted	2,933,294	2,708,397	2,378,641
Unrestricted	17,294,475	11,223,032	16,068,131
<b>Total primary government net assets</b>	<b>\$226,723,367</b>	<b>\$224,896,972</b>	<b>\$221,720,381</b>



As of June 30				
2006	2007	2008	2009	2010
\$175,806,100	\$171,849,149	\$176,724,820	\$178,744,119	\$173,536,144
620,889	31,124,935	26,848,900	25,721,231	26,150,254
32,739,318	4,499,136	4,273,937	(700,985)	(4,631,276)
<u>\$209,166,307</u>	<u>\$207,473,220</u>	<u>\$207,847,657</u>	<u>\$203,764,365</u>	<u>\$195,055,122</u>
\$9,819,435	\$9,717,501	\$10,130,329	\$11,243,637	\$10,950,825
2,113,659	2,226,838	2,471,117	1,936,958	2,017,354
<u>\$11,933,094</u>	<u>\$11,944,339</u>	<u>\$12,601,446</u>	<u>\$13,180,595</u>	<u>\$12,968,179</u>
\$185,625,535	\$181,566,650	\$186,855,149	\$189,987,756	\$184,486,969
620,889	31,124,935	26,848,900	25,721,231	26,150,254
34,852,977	6,725,974	6,745,054	1,235,973	(2,613,922)
<u>\$221,099,401</u>	<u>\$219,417,559</u>	<u>\$220,449,103</u>	<u>\$216,944,960</u>	<u>\$208,023,301</u>

**CITY OF SAN RAFAEL  
CHANGES IN NET ASSETS  
Last Eight Fiscal Years  
(Accrual Basis of Accounting)**

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
General government	\$5,555,915	\$5,074,335	\$5,895,390	\$6,252,533
Public safety	30,476,353	30,453,108	32,891,692	33,178,537
Public works and parks	27,237,899	16,043,092	16,820,453	23,401,246
Community development / redevelopment	3,727,315	3,921,422	4,624,345	4,194,249
Culture and recreation	9,055,681	7,444,339	8,450,017	8,652,445
Interest on long-term debt	4,082,760	2,516,659	2,129,818	1,725,559
<b>Total Governmental Activities Expenses</b>	<b>80,135,923</b>	<b>65,452,955</b>	<b>70,811,715</b>	<b>77,404,569</b>
Business-Type Activities:				
Parking services	1,245,316	1,539,441	2,451,941	2,761,511
<b>Total Business-Type Activities Expenses</b>	<b>1,245,316</b>	<b>1,539,441</b>	<b>2,451,941</b>	<b>2,761,511</b>
<b>Total Primary Government Expenses</b>	<b>\$81,381,239</b>	<b>\$66,992,396</b>	<b>\$73,263,656</b>	<b>\$80,166,080</b>
Component Unit:				
San Rafael Sanitation District	\$5,708,208	\$5,297,737	\$5,288,582	\$6,148,915
<b>Program Revenues</b>				
Governmental Activities:				
Charges for services:				
General government	\$1,433,372	\$1,487,595	\$1,831,269	\$402,094
Public safety	2,530,916	2,203,371	4,315,141	5,085,679
Public works and parks	3,072,849	2,697,858	3,298,076	3,799,861
Community development / redevelopment	1,691,427	1,982,211	1,974,527	3,190,832
Culture and recreation	3,688,418	3,960,777	3,924,360	4,368,274
Operating grants and contributions	6,003,700	5,252,820	3,321,135	2,745,570
Capital grants and contributions	1,744,556	573,485	606,589	3,936,474
<b>Total Government Activities Program Revenues</b>	<b>20,165,238</b>	<b>18,158,117</b>	<b>19,271,097</b>	<b>23,528,784</b>
Business-Type Activities:				
Charges for services:				
Parking services	1,810,479	2,307,432	2,604,066	3,025,380
<b>Total Business-Type Activities Program Revenues</b>	<b>1,810,479</b>	<b>2,307,432</b>	<b>2,604,066</b>	<b>3,025,380</b>
<b>Total Primary Government Program Revenues</b>	<b>\$21,975,717</b>	<b>\$20,465,549</b>	<b>\$21,875,163</b>	<b>\$26,554,164</b>
Component Unit:				
Charges for services:				
San Rafael Sanitation District	\$5,566,610	\$5,811,437	\$6,060,993	\$6,340,773
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$59,970,685)	(\$47,294,838)	(\$51,540,618)	(\$53,875,785)
Business-Type Activities	565,163	767,991	152,125	263,869
<b>Total Primary Government Net Expense</b>	<b>(\$59,405,522)</b>	<b>(\$46,526,847)</b>	<b>(\$51,388,493)</b>	<b>(\$53,611,916)</b>
Component Unit Activities	(\$141,598)	\$513,700	\$772,411	\$191,858

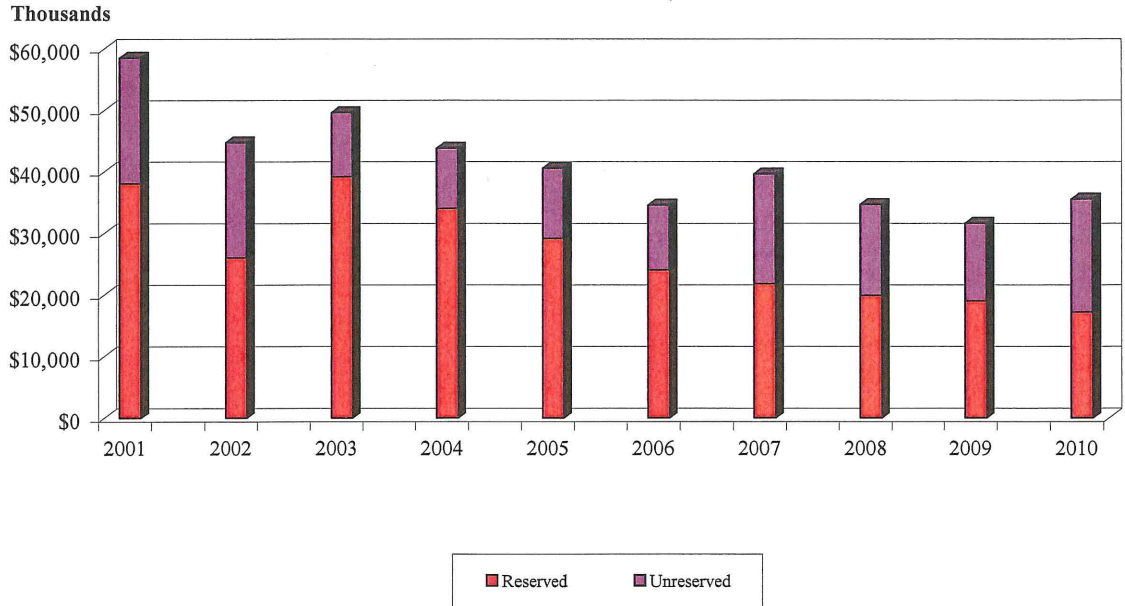
<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$8,908,433	\$8,621,079	\$8,075,344	\$8,396,759
37,271,272	40,845,347	42,708,538	42,752,033
20,998,749	22,105,367	23,036,676	17,401,923
4,384,408	5,811,866	5,759,171	6,738,873
9,729,485	10,300,230	11,505,896	11,139,225
2,183,683	1,989,620	1,907,229	2,200,024
<u>83,476,030</u>	<u>89,673,509</u>	<u>92,992,854</u>	<u>88,628,837</u>
<u>3,110,254</u>	<u>3,282,235</u>	<u>3,563,235</u>	<u>4,016,198</u>
<u>3,110,254</u>	<u>3,282,235</u>	<u>3,563,235</u>	<u>4,016,198</u>
<u>\$86,586,284</u>	<u>\$92,955,744</u>	<u>\$96,556,089</u>	<u>\$92,645,035</u>
<u>\$6,656,432</u>	<u>\$8,090,636</u>	<u>\$9,143,977</u>	<u>\$9,087,354</u>
\$1,512,814	\$1,494,784	\$1,738,685	\$1,665,460
5,279,785	5,562,072	5,906,445	6,308,912
4,030,060	4,983,288	4,753,817	3,916,874
2,815,009	3,247,024	2,915,872	2,830,179
4,521,004	4,870,884	5,253,683	5,280,458
3,701,901	3,463,616	3,544,248	3,721,055
2,786,761	3,239,509	7,311,173	2,116,906
<u>24,647,334</u>	<u>26,861,177</u>	<u>31,423,923</u>	<u>25,839,844</u>
<u>3,242,046</u>	<u>4,161,936</u>	<u>4,454,490</u>	<u>4,244,404</u>
<u>3,242,046</u>	<u>4,161,936</u>	<u>4,454,490</u>	<u>4,244,404</u>
<u>\$27,889,380</u>	<u>\$31,023,113</u>	<u>\$35,878,413</u>	<u>\$30,084,248</u>
<u>\$7,857,916</u>	<u>\$9,366,305</u>	<u>\$10,567,647</u>	<u>\$11,559,549</u>
(\$58,828,696)	(\$62,812,332)	(\$61,568,931)	(\$62,788,993)
131,792	879,701	891,255	228,206
<u>(\$58,696,904)</u>	<u>(\$61,932,631)</u>	<u>(\$60,677,676)</u>	<u>(\$62,560,787)</u>
<u>\$1,201,484</u>	<u>\$1,275,669</u>	<u>\$1,423,670</u>	<u>\$2,472,195</u>

**CITY OF SAN RAFAEL  
CHANGES IN NET ASSETS  
(continued)  
Last Eight Fiscal Years  
(Accrual Basis of Accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Taxes:				
Property	\$13,983,697	\$14,895,188	\$17,385,722	\$20,848,887
Sales	16,779,878	17,166,966	17,132,100	18,188,524
Special assessments	3,055,575	3,329,680	3,642,184	3,017,488
Paramedic				
Motor vehicles	3,317,710	2,495,598	4,657,817	372,726
Transient occupancy				
Franchises				
Business licenses				
Other	5,465,495	5,476,044	5,151,205	6,963,448
Investment earnings	1,897,339	809,242	1,112,548	1,248,409
Gain (Loss) on disposal of assets	(500,819)			
Miscellaneous	1,843,458	498,200	876,907	361,195
Special item - Court fines repayment				
Transfers	232,398	142,970	15,720	201,191
<b>Total Government Activities</b>	<u>46,074,731</u>	<u>44,813,888</u>	<u>49,974,203</u>	<u>51,201,868</u>
Business-Type Activities:				
Investment earnings	17,772	29,534	28,522	44,536
Aid from other government agencies			40,735	1,309,893
Transfers	(232,398)	(142,970)	(15,720)	(201,191)
<b>Total Business-Type Activities</b>	<u>(214,626)</u>	<u>(113,436)</u>	<u>53,537</u>	<u>1,153,238</u>
<b>Total Primary Government</b>	<u>\$45,860,105</u>	<u>\$44,700,452</u>	<u>\$50,027,740</u>	<u>\$52,355,106</u>
Component Unit:				
San Rafael Sanitation District				
Property Taxes	\$560,269	\$591,078	\$125,959	\$179,479
Investment earnings	104,358	75,739	117,348	237,206
Miscellaneous		154,919		
Aid from other governmental agencies	141,314		609,419	645,804
<b>Total Component Unit</b>	<u>\$805,941</u>	<u>\$821,736</u>	<u>\$852,726</u>	<u>\$1,062,489</u>
<b>Change in Net Assets</b>				
Governmental Activities	(\$13,895,954)	(\$2,480,950)	(\$1,566,415)	(\$2,673,917)
Business-Type Activities	350,537	654,555	205,662	1,417,107
<b>Total Primary Government</b>	<u>(\$13,545,417)</u>	<u>(\$1,826,395)</u>	<u>(\$1,360,753)</u>	<u>(\$1,256,810)</u>
<b>Change in Net Assets</b>				
Component Unit Activities	<u>\$664,343</u>	<u>\$1,335,436</u>	<u>\$1,625,137</u>	<u>\$1,254,347</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$20,360,475	22,195,606	\$21,978,859	\$21,684,131
24,484,356	25,764,457	21,970,262	19,055,124
2,998,925	3,503,555		
		3,210,317	3,489,494
331,620	257,320	197,989	171,518
		1,678,912	1,558,243
		2,941,149	2,868,332
		2,405,934	2,317,664
8,830,955	9,242,241	1,561,835	1,411,583
1,669,181	1,583,056	717,968	302,180
			221,791
491,488	296,454	461,224	541,390
(1,133,458)			
212,170	344,080	361,190	458,300
<u>58,245,712</u>	<u>63,186,769</u>	<u>57,485,639</u>	<u>54,079,750</u>
91,623	121,486	49,084	17,678
(212,170)	(344,080)	(361,190)	(458,300)
(120,547)	(222,594)	(312,106)	(440,622)
<u>\$58,125,165</u>	<u>\$62,964,175</u>	<u>\$57,173,533</u>	<u>\$53,639,128</u>
\$755,763	\$803,071	\$855,511	\$823,187
367,887	341,032	206,752	93,274
	3,546	3,540	
340,642	577,860	381,144	415,391
<u>\$1,464,292</u>	<u>\$1,725,509</u>	<u>\$1,446,947</u>	<u>\$1,331,852</u>
(582,984)	\$374,437	(\$4,083,292)	(\$8,709,243)
11,245	657,107	579,149	(212,416)
<u>(\$571,739)</u>	<u>\$1,031,544</u>	<u>(\$3,504,143)</u>	<u>(\$8,921,659)</u>
<u>\$2,665,776</u>	<u>\$3,001,178</u>	<u>\$2,870,617</u>	<u>\$3,804,047</u>

**CITY SAN RAFAEL**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



	As of June 30				
	2001	2002	2003	2004	2005
General Fund					
Reserved	\$4,010,745	\$3,347,494	\$2,357,904	\$1,451,036	\$2,442,881
Unreserved	6,155,738	5,112,926	4,139,618	4,246,152	5,779,680
<b>Total General Fund</b>	<b>\$10,166,483</b>	<b>\$8,460,420</b>	<b>\$6,497,522</b>	<b>\$5,697,188</b>	<b>\$8,222,561</b>
All Other Governmental Funds					
Reserved	\$33,963,309	\$22,579,186	\$36,695,318	\$32,471,197	\$26,599,557
Unreserved, reported in:					
Special Revenue Funds	13,861,241	13,195,852	6,317,972	5,574,048	5,628,187
Capital Project Funds					
Debt Service Funds					
Expendable Trust Fund	461,953	422,188			
<b>Total all other governmental funds</b>	<b>\$48,286,503</b>	<b>\$36,197,226</b>	<b>\$43,013,290</b>	<b>\$38,045,245</b>	<b>\$32,227,744</b>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

As of June 30				
2006	2007	2008	2009	2010
\$2,335,391	\$905,068	\$2,196,153	\$2,225,775	\$1,763,622
3,362,151	5,016,929	4,022,612	1,670,455	5,038,173
<u>\$5,697,542</u>	<u>\$5,921,997</u>	<u>\$6,218,765</u>	<u>\$3,896,230</u>	<u>\$6,801,795</u> (a)
\$21,603,724	\$20,773,760	\$17,599,142	\$16,680,568	\$15,352,723
7,168,753	8,107,477	7,413,808	8,641,239	8,778,027
	4,734,986	35,430	(1,030,293)	4,527,627
	3,315,764	3,360,540		
<u>\$28,772,477</u>	<u>\$33,616,223</u>	<u>\$28,364,144</u>	<u>\$27,652,054</u>	<u>\$28,658,377</u> (a)

**CITY OF SAN RAFAEL**  
**CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

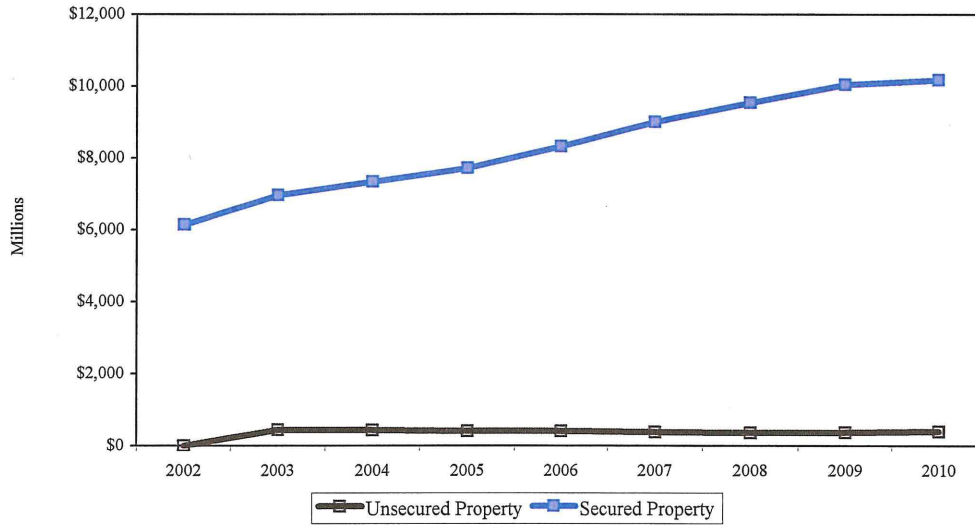
	Fiscal Year Ended June 30,				
	2001	2002	2003	2004	2005
<b>Revenues</b>					
Taxes and special assessments	\$39,753,729	\$38,530,602	\$39,284,643	\$40,875,826	\$42,901,520
Licenses and permits	844,793	690,077	735,109	928,303	929,993
Fines and forfeitures	1,337,617	773,239	770,632	791,975	1,088,459
Use of money and properties	3,989,893	2,465,306	1,897,339	1,024,199	1,244,406
Intergovernmental	9,223,148	8,590,790	9,405,422	8,049,002	10,522,095
Charges for services	12,019,807	9,704,113	10,102,392	10,423,754	11,407,622
Other revenue	4,684,447	1,148,767	3,568,297	735,976	1,135,485
<b>Total Revenues</b>	<b>71,853,434</b>	<b>61,902,894</b>	<b>65,763,834</b>	<b>62,829,035</b>	<b>69,229,580</b>
<b>Expenditures</b>					
Current:					
General government	5,737,343	6,188,702	4,740,703	5,014,452	5,539,191
Public safety	24,437,700	25,898,206	28,041,079	28,863,197	31,784,872
Public works and parks	8,669,755	9,329,346	9,491,552	9,257,991	9,294,419
Community development / redevelopment	3,454,234	3,610,108	3,253,947	3,875,542	3,763,614
Culture and recreation	6,381,725	7,077,117	7,176,097	7,145,264	7,538,607
Capital outlay	2,923,669	307,483	125,884	31,703	1,027,267
Capital improvement / special projects	10,935,705	15,760,086	11,058,796	9,825,103	9,253,661
Debt service:					
Capitalized lease obligation			197,132	10,775	141,197
Principal	1,786,000	1,849,000	24,290,000	2,360,000	2,585,000
Interest and fiscal charges	2,746,333	2,641,111	4,046,170	2,456,357	2,140,673
<b>Total Expenditures</b>	<b>67,072,464</b>	<b>72,661,159</b>	<b>92,421,360</b>	<b>68,840,384</b>	<b>73,068,501</b>
Excess (deficiency) of revenues over (under) expenditures	4,780,970	(10,758,265)	(26,657,526)	(6,011,349)	(3,838,921)
<b>Other Financing Sources (Uses)</b>					
Issuance of debt			32,625,000		
Payment to refunded bonds					
Bond premiums					
Capital lease for equipment acquisition					
Contribution from Sanitation District			744,556		
Proceeds from sale of capital asset					
Transfers in	7,070,234	5,750,044	42,503,976	5,222,868	8,636,544
Transfers (out)	(7,830,234)	(6,432,801)	(42,971,248)	(4,979,898)	(7,740,324)
<b>Total other financing sources (uses)</b>	<b>(760,000)</b>	<b>(682,757)</b>	<b>32,902,284</b>	<b>242,970</b>	<b>896,220</b>
<b>Net Change in fund balances</b>	<b>\$4,020,970</b>	<b>(\$11,441,022)</b>	<b>\$6,244,758</b>	<b>(\$5,768,379)</b>	<b>(\$2,942,701)</b>
Debt service as a percentage of noncapital expenditures	8.5%	7.9%	35.1%	8.2%	7.8%



**Fiscal Year Ended June 30,**

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$44,901,544	\$52,472,246	\$56,129,195	\$51,019,143	\$47,678,541
1,175,030	1,157,981	1,489,748	1,472,913	1,518,819
622,494	515,528	797,081	660,338	787,411
1,316,558	1,744,688	1,584,508	847,120	433,874
11,705,917	12,760,496	12,081,968	17,518,670	13,001,703
13,104,572	13,504,621	15,607,460	16,384,265	15,787,325
1,475,078	1,468,743	815,704	759,320	716,760
74,301,193	83,624,303	88,505,664	88,661,769	79,924,433
6,200,338	8,188,999	8,288,170	8,059,526	7,997,067
33,321,967	36,264,321	40,299,862	41,209,972	39,574,091
10,622,585	11,972,537	13,641,665	12,926,646	10,731,669
4,184,084	4,319,042	5,786,661	5,572,079	4,398,594
8,409,833	9,005,370	9,820,365	10,233,361	9,605,684
60,411	6,716,630	6,243,517	5,048,044	1,890,559
13,200,872	1,189,613	5,124,091	6,606,857	3,436,608
130,315				
2,525,000	2,287,255	2,504,370	2,714,358	2,804,258
1,878,265	1,829,091	1,776,354	1,683,240	1,979,372
80,533,670	81,772,858	93,485,055	94,054,083	82,417,902
(6,232,477)	1,851,445	(4,979,391)	(5,392,314)	(2,493,469)
				14,660,000
				(14,315,000)
				1,038,185
	318,000			
				221,791
6,925,107	6,812,260	6,353,216	8,972,495	7,494,560
(6,672,916)	(6,958,046)	(6,329,136)	(6,614,806)	(6,411,150)
252,191	172,214	24,080	2,357,689	2,688,386
(\$5,980,286)	\$2,023,659	(\$4,955,311)	(\$3,034,625)	\$194,917
6.7%	5.6%	5.2%	5.3%	6.2%

**CITY OF SAN RAFAEL  
 ASSESSED AND ESTIMATED ACTUAL  
 VALUE OF TAXABLE PROPERTY  
 LAST NINE FISCAL YEARS**



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
	Residential Property	Commercial Property	Industrial Property	Other					
2002	\$4,516,490,542	\$1,410,153,485	\$126,299,238	\$78,693,794	\$6,131,637,059		\$6,131,637,059	\$6,131,637,059	0.29149%
2003	4,827,556,658	1,480,344,464	128,546,036	74,236,658	6,510,683,816	\$445,297,553	6,955,981,369	6,955,981,369	0.32195%
2004	5,160,984,286	1,514,445,365	130,514,420	91,737,340	6,897,681,411	431,291,562	7,328,972,973	7,328,972,973	0.32010%
2005	5,510,630,728	1,546,579,852	146,822,250	93,875,824	7,297,908,654	406,163,129	7,704,071,783	7,704,071,783	0.30834%
2006	6,018,318,932	1,618,091,589	177,974,231	91,321,393	7,905,706,145	407,016,133	8,312,722,278	8,312,722,278	0.30792%
2007	6,544,841,348	1,745,483,576	197,040,979	122,977,950	8,610,343,853	376,890,454	8,987,234,307	8,987,234,307	0.30328%
2008	7,024,610,641	1,824,656,505	214,341,528	105,409,028	9,169,017,702	362,727,209	9,531,744,911	9,531,744,911	0.30273%
2009	7,357,121,277	1,941,927,620	234,669,841	129,177,651	9,662,896,389	374,976,613	10,037,873,002	10,037,873,002	0.30752%
2010	7,335,863,721	2,052,276,292	244,857,019	130,177,994	9,763,175,026	401,201,906	10,164,376,932	10,164,376,932	0.19215%

Source: HdL Coren & Cone, Marin County Assessor 2001/02-2009/10 Combined Tax Rolls

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

**CITY OF SAN RAFAEL  
PROPERTY TAX RATES  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>City</u>	<u>County (1)</u>	<u>School Districts</u>	<u>Misc. Special Districts</u>	<u>Total</u>
2001	0.154	0.295	0.5683	0.0461	1.0630
2002	0.154	0.295	0.5873	0.0461	1.0820
2003	0.154	0.295	0.6163	0.0461	1.1110
2004	0.154	0.295	0.6483	0.0461	1.1430
2005	0.154	0.295	0.6593	0.0461	1.1540
2006	0.154	0.295	0.6828	0.0461	1.1775
2007	0.154	0.295	0.7160	0.0461	1.2107
2008	0.154	0.295	0.7225	0.0461	1.2172
2009	0.154	0.295	0.7192	0.0461	1.2139
2010	0.154	0.295	0.7402	0.0461	1.2349

Notes:

(1) Like other cities, San Rafael includes several property tax rate areas with different rates. A mean average is indicated.

Source: Marin County Assessors Office 1999/00 - 2009/10 Tax Rate Tables

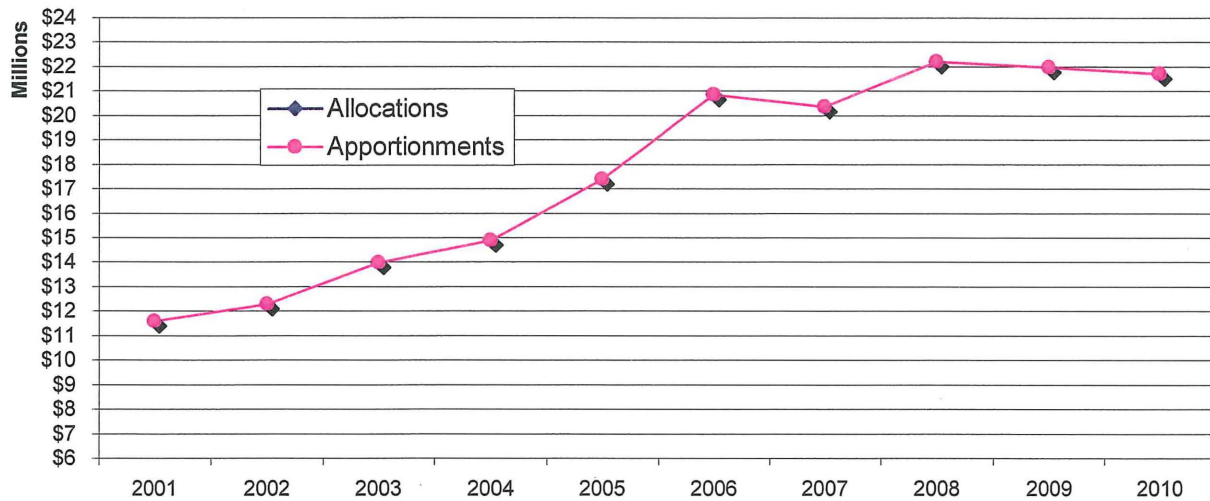
**CITY OF SAN RAFAEL  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND TEN YEARS AGO**

<b>Taxpayer</b>	<b>2009-10</b>		<b>1999-2000</b>	
	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Northgate Mall Associates	\$112,797,140	1.1%	\$89,597,441	1.7%
SR Corporation Center Phase 1	72,881,400	0.7%		0.0%
Corac LLC	82,587,760	0.8%		0.0%
Sutter Health	44,602,859	0.4%		0.0%
Robert Dickson Trust	44,076,750	0.4%		0.0%
Regency Center II Associates LP	41,716,937	0.4%	34,230,569	0.7%
SR Corporation Center Phase Two	40,204,768	0.4%		0.0%
Marin Sanitary Service	39,236,039	0.4%		0.0%
4040 Civic Center	36,503,908	0.4%		0.0%
Bay Apartment Communities Inc	35,182,329	0.3%		0.0%
AMG Realty Partners LP			63,750,047	1.2%
Lucas Digital Ltd. LLC			40,982,654	0.8%
Autodesk Inc			33,142,893	0.6%
MHV Joint Venture			25,443,053	0.5%
Home Depot USA Inc. L/L etal			21,816,912	0.4%
F E Trotter Inc.			21,735,510	0.4%
Fair Isaac & Co. Inc			19,637,270	0.4%
WHLW Real Estate Ltd. Partners			19,037,112	0.4%
<b>Subtotal</b>	<b>\$549,789,890</b>	<b>5.4%</b>	<b>\$369,373,461</b>	<b>7.2%</b>

Total Net Assessed Valuation:  
 Fiscal Year 2009-2010 \$10,164,376,932  
 Fiscal Year 1999-2000 \$5,163,095,206

Source: HdL Coren & Cone, Marin County Assessor 1999-2000 & 2009-2010 Net Taxable Value History

**CITY OF SAN RAFAEL  
PROPERTY TAX LEVIES AND COLLECTIONS (1)  
LAST TEN FISCAL YEARS**



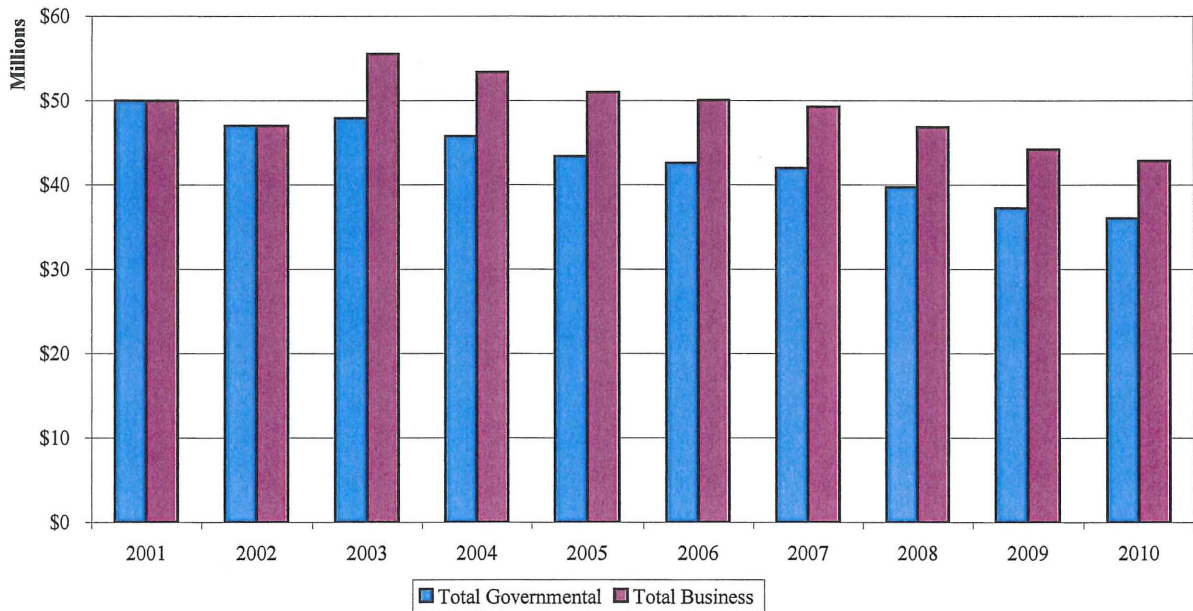
Fiscal Year	Rate	Levies	Allocations	Collections	Apportionments	Delinquencies	Delinquent taxes as a Percent of Allocations
2001	1.00	(2)	\$11,594,551	(2)	\$11,594,551	(2)	0.0%
2002	1.00	(2)	12,293,952	(2)	12,293,952	(2)	0.0%
2003	1.00	(2)	13,983,697	(2)	13,983,697	(2)	0.0%
2004	1.00	(2)	14,895,188	(2)	14,895,188	(2)	0.0%
2005	1.00	(2)	17,385,722	(2)	17,385,722	(2)	0.0%
2006	1.00	(2)	20,848,887	(2)	20,848,887	(2)	0.0%
2007	1.00	(2)	20,360,475	(2)	20,360,475	(2)	0.0%
2008	1.00	(2)	22,195,606	(2)	22,195,606	(2)	0.0%
2009	1.00	(2)	21,978,859	(2)	21,978,859	(2)	0.0%
2010	1.00	(2)	21,702,536	(2)	21,702,536	(2)	0.0%

Notes:

- (1) Includes deductions for County property tax administration.
- (2) Information not applicable. All general purpose property taxes are levied by the county and allocated to other governmental entities.

Source: San Rafael Finance Department Revenue Reports

**CITY OF SAN RAFAEL  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**



<b>Governmental Activities</b>						
Fiscal Year	RDA Tax Allocation Bonds	Financing Authority Revenue Bonds	Note Payable	Court Fine Promissory Note	Capitalized Lease Obligations	Total
2001	\$45,899,004	\$3,885,000	\$169,000			\$49,953,004
2002	43,479,004	3,335,000	169,000			46,983,004
2003	44,914,000	2,820,000	169,000			47,903,000
2004	43,239,004	2,340,000	169,000			45,748,004
2005	41,514,004	1,685,000	169,000			43,368,004
2006	40,849,107	1,155,000	169,000		\$412,441	42,585,548
2007	39,217,501	950,000	169,000	\$1,029,717	596,927	41,963,145
2008	37,537,161	780,000	169,000	816,119	401,155	39,703,435
2009	35,793,692	455,000	169,000	594,100	198,816	37,210,608
2010	35,355,988		169,000	363,328	135,330	36,023,646

<b>Business-Type Activities</b>					
Fiscal Year	Parking Services Bonds	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2001			\$49,953,004	0.30%	\$883.59
2002			46,983,004	0.29%	828.76
2003	\$7,605,000	\$7,605,000	55,508,000	0.34%	973.72
2004	7,605,000	7,605,000	53,353,004	0.29%	933.04
2005	7,605,000	7,605,000	50,973,004	0.26%	890.76
2006	7,455,000	7,455,000	50,040,548	0.24%	872.56
2007	7,300,000	7,300,000	49,263,145	0.22%	848.68
2008	7,140,000	7,140,000	46,843,435	0.21%	804.39
2009	6,975,000	6,975,000	44,185,608	N/A	757.08
2010	6,805,000	6,805,000	42,828,646	N/A	728.11

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

Sources: City of San Rafael

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule of Demographic and Economic Statistics for personal income and population data.

**CITY OF SAN RAFAEL  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
June 30, 2010**

2009-10 Assessed Valuation:	\$10,164,376,932
Redevelopment Incremental Valuation:	<u>2,256,322,101</u>
Adjusted Assessed Valuation:	\$7,908,054,831

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/2010	% Applicable (1)	City's Share of Debt 6/30/10
Marin Community College District	\$131,855,000	14.967%	\$19,734,738
San Rafael High School District	55,095,315	73.925%	40,728,661
Tamalpais Union High School District	173,450,000	0.087%	150,902
Dixie School District	8,160,810	67.066%	5,473,129
Ross School District	18,559,941	1.763%	327,212
Ross Valley School District	14,119,213	0.008%	1,130
San Rafael School District	64,388,301	77.956%	<u>50,194,544</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$116,610,316</b>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Marin County Certificates of Participation	\$39,289,112	14.942%	\$5,870,579
Marin County Pension Obligations	112,325,000	14.942%	16,783,602
Marin County Transit District General Fund Obligations	219,185	14.942%	32,751
Marin Municipal Water District General Fund Obligations	178,320	19.061%	33,990
Marin Community College District Certification of Participation	2,900,834	14.967%	434,168
Dixie School District Certificates of Participation	285,000	67.066%	191,138
San Rafael School District Certificates of Participation	4,185,000	77.956%	3,262,459
City of San Rafael General Fund Obligations	9,946,032	100.000%	<u>9,946,032 (2)</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$36,554,719</b>
Less: City of San Rafael lease revenue bonds supported by enterprise revenues			<u>6,805,000</u>
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b><u>\$29,749,719</u></b>
 <b>GROSS COMBINED TOTAL DEBT</b>			<b>153,165,035 (3)</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$146,360,035</b>

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.  
(2) Include City's share of Marin Emergency Radio Authority refunding revenue bonds.  
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

<u>Ratios to 2009-10 Assessed Valuation:</u>	
Total Overlapping Tax and Assessment Debt	1.15%

<u>Ratios to Adjusted Assessed Valuation:</u>	
Combined Direct Debt	0.13%
Combined Total Debt	0.04%
Gross Combined Total Debt	1.95%
Net Combined Total Debt	1.86%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

Source: California Municipal Statistics, Inc.

**CITY OF SAN RAFAEL  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
June 30, 2010**

ASSESSED VALUATION:	<u>\$10,164,376,932</u>
BONDED DEBT LIMIT (3.75% OF ASSESSED VALUE) (a)	<u>381,164,135</u>
LESS AMOUNT OF DEBT SUBJECT TO LIMIT:	<u>35,355,988</u>
LEGAL BONDED DEBT MARGIN	<u>\$345,808,147</u>

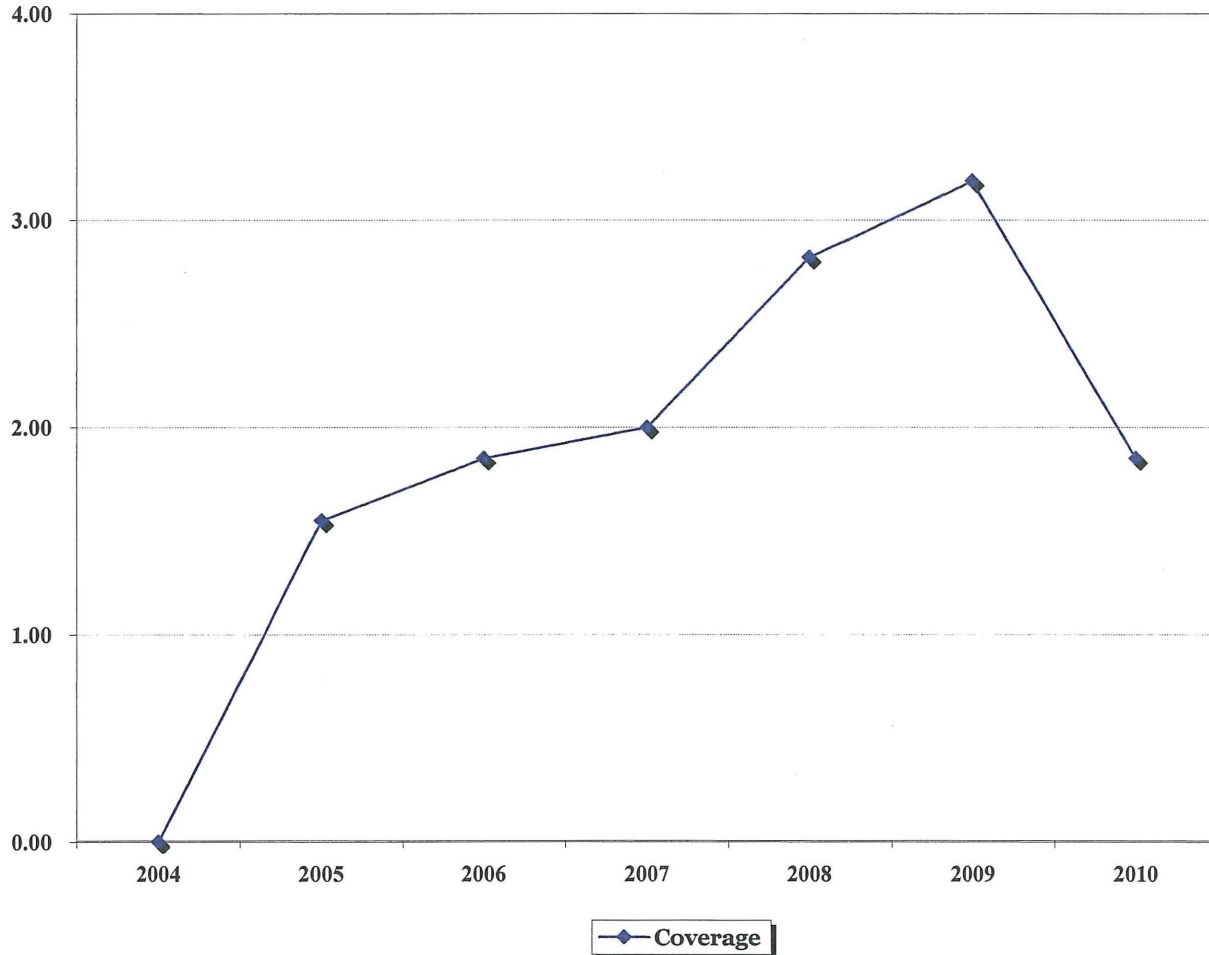
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$229,936,390	\$43,479,004	\$186,457,386	18.91%
2003	260,849,301	44,914,000	215,935,301	17.22%
2004	274,836,486	43,239,004	231,597,482	15.73%
2005	288,902,692	41,514,004	247,388,688	14.37%
2006	311,727,085	40,849,107	270,877,978	13.10%
2007	337,021,287	39,217,501	297,803,786	11.64%
2008	357,440,434	37,537,161	319,903,273	10.50%
2009	376,420,238	35,793,692	340,626,546	9.51%
2010	381,164,135	35,355,988	345,808,147	9.28%

NOTE: (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth

Source: California Municipal Statistics, Inc. and City of San Rafael's Management Service Department



**CITY OF SAN RAFAEL  
REVENUE BOND COVERAGE  
PARKING FACILITY  
LAST SEVEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 2,336,966	\$ 1,498,740	\$ 838,226	-	-	-	N/A
2005	2,632,588	1,964,713	667,875	-	\$ 431,958	\$ 431,958	1.55
2006	3,069,915	2,155,435	914,480	\$ 150,000	344,441	494,441	1.85
2007	3,331,754	2,344,285	987,469	155,000	339,904	494,904	2.00
2008	4,089,112	2,692,086	1,397,026	160,000	335,216	495,216	2.82
2009	4,503,574	2,924,365	1,579,209	165,000	330,379	495,379	3.19
2010	4,262,082	3,343,681	918,401	170,000	325,285	495,285	1.85

Notes: On March 26, 2003, the City Financing Authority issued lease revenue bonds for the design and construction of a new  
 (1) Includes all Parking Facility Operating Revenues and Non-operating Investment Revenue  
 (2) Includes all Parking Facility Operating Expenses less Depreciation and Interest

Source: City of San Rafael Annual Financial Statements

**CITY OF SAN RAFAEL  
REDEVELOPMENT PLEDGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

**1999 RDA Tax Allocation Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$1,497,529	\$ 500,000	\$ 997,529	\$ 1,497,529	1.00
2002	1,499,475	525,000	974,445	1,499,445	1.00
2003	1,499,600	550,000	949,600	1,499,600	1.00
2004	1,497,881	575,000	922,881	1,497,881	1.00
2005	1,499,856	605,000	894,856	1,499,856	1.00
2006	1,495,525	630,000	865,525	1,495,525	1.00
2007	1,499,769	665,000	834,769	1,499,769	1.00
2008	1,497,469	695,000	802,469	1,497,469	1.00
2009	1,498,625	730,000	768,625	1,498,625	1.00
2010	1,255,830	765,000	490,830	1,255,830	1.00

**2002 RDA Tax Allocation Bonds**

Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	N/A	N/A	N/A	N/A	N/A
2002	N/A	N/A	N/A	N/A	N/A
2003	\$2,069,768	\$1,475,000	\$594,768	\$2,069,768	1.00
2004	2,069,425	1,100,000	969,425	2,069,425	1.00
2005	2,067,225	1,120,000	947,225	2,067,225	1.00
2006	2,069,575	1,145,000	924,575	2,069,575	1.00
2007	2,066,475	1,165,000	901,475	2,066,475	1.00
2008	2,070,381	1,195,000	876,381	2,071,381	1.00
2009	2,070,150	1,235,000	835,150	2,070,150	1.00
2010	2,068,338	1,290,000	778,338	2,068,338	1.00

**2009 RDA Tax Allocation Bonds**

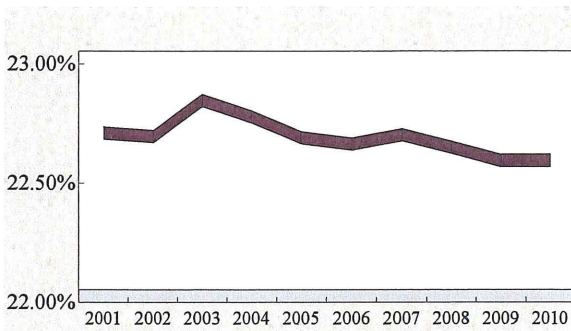
Funding Source: RDA tax increment revenues

Fiscal Year	Available Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2010	265,445	0	265,445	265,445	1.00

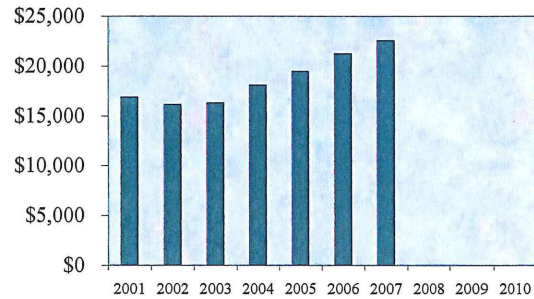
Notes: The 1999 RDA Tax Allocation Bonds, Current Interest Bonds portion were refunded by the insurance of the 2009 RDA Tax Allocation Bonds in December 2009. The Capital Appreciation Bonds mature annually after December 1, 2018. No pledged revenue is required for 1999 Capital Appreciation Bonds at June 30, 2010.

Source: San Rafael Finance Department

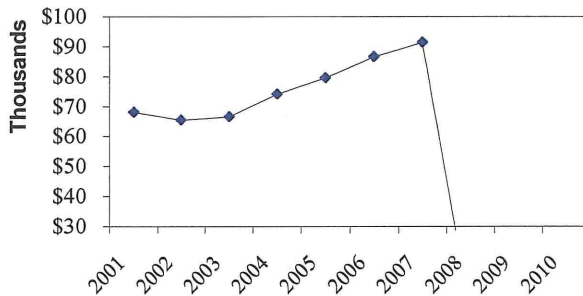
CITY OF SAN RAFAEL  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS



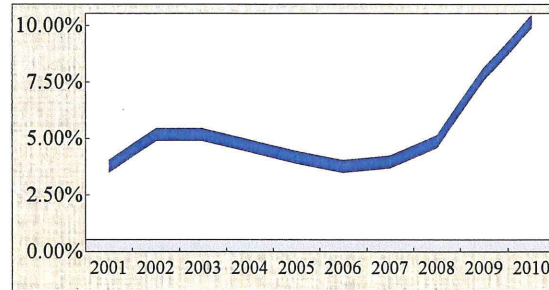
■ City Population as a % of County Population



■ Personal Income (2) (in millions)



◆ Per Capita Personal Income (2)



■ Unemployment Rate (%)

Fiscal Year	City Population (1)	Personal Income (2) (in millions)	Per Capita Personal Income (2)	Average Unemployment Rate (3)	Marin County Population	City Population % of County
2001	56,534	\$16,900	\$68,135	3.50%	249,231	22.68%
2002	56,691	16,159	65,558	4.90%	250,078	22.67%
2003	57,006	16,341	66,620	4.90%	249,808	22.82%
2004	57,182	18,115	74,230	4.40%	251,330	22.75%
2005	57,224	19,485	79,688	3.90%	252,485	22.66%
2006	57,349	21,266	86,719	3.50%	253,341	22.64%
2007	58,047	22,590	91,483	3.70%	255,982	22.68%
2008	58,235	n/a	n/a	4.60%	257,406	22.62%
2009	58,363	n/a	n/a	7.60%	258,618	22.57%
2010	58,822	n/a	n/a	9.90%	260,651	22.57%

- Source: (1) State of California, Department of Finance - Demographic Research Unit. The data represents the City's population as of January 1, of each year.  
 (2) Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce. Data is Marin county-wide rate.  
 (3) Employment Development Department, Labor Market Information Division. Data represents Marin county-wide rate only and is not seasonally adjusted.

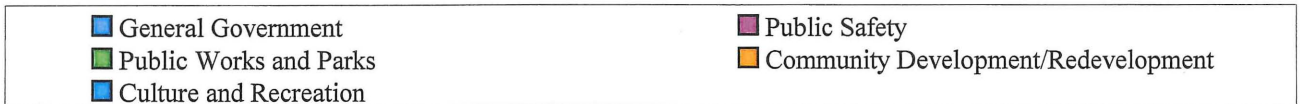
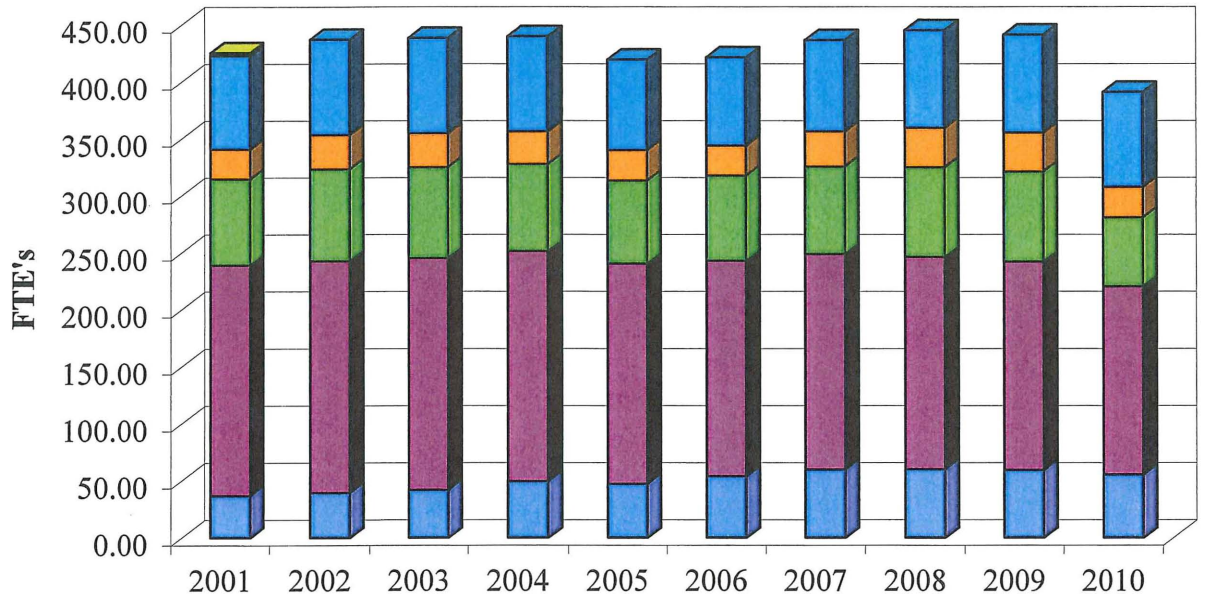
**CITY OF SAN RAFAEL  
PRINCIPAL EMPLOYERS  
FISCAL YEAR 2009-2010**

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment in San Rafael</u>
Kaiser Permanente	1,311	4.86%
Autodesk, Inc.	1,028	3.81%
City of San Rafael	630	2.33%
Comcast	619	2.29%
Safeway	452	1.67%
Macy's	445	1.65%
Dominican University of California	370	1.37%
MHN	350	1.30%
Guide Dogs for the Blind	287	1.06%
Wells Fargo Bank	265	0.98%
Totals	5,757	21.32%

Source: State of California, Employment Development Department, Labor Market Information Division San Francisco Business Times, 2010 Book of Lists

Note: Total employment in the City of San Rafael as of June 30, 2010 was 26,873

**CITY OF SAN RAFAEL  
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION  
LAST TEN FISCAL YEARS**



Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government	36.56	39.20	41.73	49.27	47.02	53.71	59.38	59.88	58.88	54.88
Public Safety	202.00	203.03	203.03	201.63	193.13	188.86	189.00	186.00	183.00	165.00
Public Works and Parks	75.70	80.70	79.95	76.70	72.80	74.80	76.80	78.80	78.80	60.80
Community Development/Redevelopment	26.28	30.28	29.75	28.75	26.75	26.43	31.00	34.50	34.50	26.75
Culture and Recreation	81.99	83.76	83.76	83.26	79.73	77.49	80.22	85.90	85.90	83.49
<b>Total</b>	<b>422.53</b>	<b>436.97</b>	<b>438.22</b>	<b>439.61</b>	<b>419.43</b>	<b>421.29</b>	<b>436.40</b>	<b>445.08</b>	<b>441.08</b>	<b>390.92</b>

Source: City of San Rafael

**CITY OF SAN RAFAEL  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Function/Program</b>					
Public safety:					
Fire:					
Inspection permit issued	n/a	n/a	n/a	n/a	n/a
Police:					
Police calls for service	n/a	n/a	n/a	n/a	n/a
Law violations:					
Part I crimes	n/a	n/a	n/a	n/a	n/a
Physical arrests (adult and juvenile)	n/a	n/a	n/a	n/a	n/a
Traffic violations	n/a	n/a	n/a	n/a	n/a
Parking violations	n/a	15,468	26,308	30,946	39,421
Public works					
Street resurfacing (miles)	7.16	n/a	1.20	5.70	6.80
Potholes repaired (square miles)	n/a	n/a	n/a	n/a	n/a
Asphalt used for street repairs (tons)	n/a	n/a	n/a	n/a	n/a
Culture and recreation:					
Recreation class participants	6,000	6,000	7,000	7,000	7,000
Library:					
Items in collection (thousands)	122.71	121.85	128.12	118.24	121.81
Total items borrowed (thousands)	318.72	336.57	338.60	332.33	299.30
Wastewater					
Other connections					
Average daily sewage treatment (millions of gallons)	6.976	6.976	6.976	6.976	6.976

Note: N/A denotes information not available.

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
n/a	143	217	196	307
n/a	43,480	43,488	42,227	42,227
n/a	2,557	2,314	2,352	2,352
n/a	3,809	4,182	4,487	4,487
n/a	5,197	9,241	5,777	5,777
33,610	36,228	42,481	44,913	42,806
1.08	n/a	4.95	2.77	2.77
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
8,000	8,000	8,000	8,000	9,524
123.12	124.46	n/a	124.40	151.88
333.15	359.41	n/a	n/a	371.12
6.976	6.976	6.976	6.976	6.976

**CITY OF SAN RAFAEL  
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Function/Program</b>					
Public safety:					
Fire stations	6	6	6	6	6
Police stations	1	1	1	1	1
Police Fleet					
Public works					
Miles of streets	165	171	171	172	172
Street lights	4,167	4,200	4,200	4,333	4,333
Parking District lights					
Traffic Signals	86	85	85	85	85
Culture and recreation:					
Community services:					
City parks	19	19	19	19	19
City parks acreage	41	41	41	41	41
Playgrounds	13	13	13	13	13
City trails	15	15	15	15	15
Community gardens	2	2	2	2	2
Community centers	4	4	4	4	4
Senior centers	0	0	0	0	0
Sports centers	0	0	0	0	0
Performing arts centers	0	0	0	0	0
Swimming pools	1	1	1	1	1
Tennis courts	10	10	10	10	10
Basketball Courts	5	5	5	5	5
Baseball/softball diamonds	5	5	5	5	5
Soccer/football fields	2	2	2	2	2
Library:					
City Libraries	1	1	1	1	1
Wastewater					
Miles of sanitary sewers	175.82	176.90	178.40	179.15	179.15
	49.30	51.40	53.50	57.60	57.60
Number of treatment plants	1	1	1	1	1

(1) Source: City of San Rafael



<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
6	6	6	6	6
1	1	1	1	1
173	173	173	173	173
4,435	4,435	4,435	4,435	4,435
89	89	89	89	89
19	19	20	20	20
41	41	42	42	42
13	13	14	14	14
15	20	20	20	20
1	1	1	1	1
4	4	4	4	4
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
1	1	1	1	1
10	10	10	10	10
5	5	5	5	5
5	5	5	5	5
2	2	2	2	2
1	1	1	2	2
179.15	179.15	179.15	179.15	179
57.60	57.60	57.60	57.60	58
1	1	1	1	1

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